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Obese? Renegade Gene Seems to Tip the Scales

Because of Mutation, Scientists Say, Body Doesn't Cry 'Enough!' at Meals

By Natalie Angier

New York Times Service
NEW YORK — Lending mighty support to the theory that fat people are oot made but, rather, born that way, scientists have discovered a genetic mutation that is thought to be responsible for at least some

types of obesity.

The mutation is believed to disrupt the body's energy metabolism and appetite control center, the mechanism that tells the brain one has eaten enough and has suffi-cient fat stores to meet the demands of the day. Without a working hormonal signal for fullness, or satiety, a person might continue to overeat even when extreme corpulence threatens health and self-es-

The discovery could accelerate scientists' understanding of the molecular basis of obesity, a condition that afflicts one in three Americans, although a practical application is probably a decade away.

People are considered obese when they

are more than 20 percent above their ideal weight, at which point their risk for disor-ders like diabetes, high blood pressure and

heart disease rises.

Eventually, the finding might lead to novel and more effective therapies for weight problems, notahly a drug that would mimic the protein produced by the newly discovered gene.

In theory, supplying people with the satiety signal they lack could help them feel satisfied with smaller amounts of food and thus lose weight without the sense of deprivation and hunger that often undermine conventional efforts to shed fat. Another possibility is testing for a genetic predisposition early in life, when modify ing the diet would mitigate the effects of

But researchers cautioo that it will take 5 to 10 years to translate the preliminary results into a medication. Much work remains to be done to prove that the geoe, called obese, or ob for short, is indeed the body's satiety signal and that the use of it in experimental animals leads to weight

Dr. Jeffrey M. Friedman of the Howard Hughes Medical Institute at Rockefeller University in New York and five colleagues reported the isolation of the oh gene Friday in the journal Nature.

"I think it's a landmark paper," said Dr. Timothy J. Rink, president and head of research at Amylin Pharmaceuticals in San Diego, California. "It isn't all demonstrated ont yet, but this looks to be the central hormonal control of body weight and body fat." Dr. Rink wrote an editorial accompaoying the latest report.

Dr. Phillip Gorden, director of the National Institute of Diabetes and Digestive and Kidney Diseases in Bethesda, Maryland, said: "This is a major breakthrough, but it is very important that people under-stand it will not have any immediate application. The treatment and prevention of obesity still rest with diet and exercise."

The scientists found the gene hy study-ing a strain of mouse that can balloon up

See OBESITY, Page 7



LOATH TO SINK - The Achille Lauro ablaze off Somalia on Thursday. The liner, listing and empty, remained affoat as about 1,000 passengers who had taken refuge on a tanker were rescued. Two people were killed. Page 7.

Bihac Crisis Plunges Croats Into Fight With Rebel Serbs

By Roger Cohen
New York Times Service

TOPUSKO, Croatia - Intense mortar and artillery fire broke out between rebel Serbs and Croatian government forces Thursday as the crisis in the Bosman enclave of Bibac threatened to provoke a

Paul Risley, a spokesman for United Nations peacekeepers, said Thursday that there was a fierce exchange of artillery and mortar fire between the Croatian Army and the Serbs who have occupied close to one-third of Croatia since 1991.

The large number of Croatian Serbs in . the Serbian assault on the Muslim enclave of Bihac in northwestern Bosnia has brought tensions between Zagreb and the Serbs who rebelled against Croatian independence in 1991 to a breaking point,

The shelling and mortar fire, one of 129 violations of a cease-fire between Croats and Serbs in two days, took place in the Limar and Vranovaca areas sooth of the self-styled capital of the Croatian Serbs in

At the same time, a heavily armed Bosnian Serbian commando unit crossed into the Serbian-held part of Croatia. Michael Williams, a UN spokesman, said the Bosnian Serbs entered Croatia

near Bosanski Novi, raided the UN military observation post and took seven Ukrainian soldiers prisoner. The prisoners were taken back into Serb-held territory in Bosnia, and no contact with them has been permitted.

ly other 500 UN peacekeepers seized hy the Serbs since NATO carried out an air raid on the Udbina airfield in Serb-held Croatia last week. In effect, these captive soldiers have proved reliable insurance against further NATO action.

The Bihac crisis has again focused attention on the smoldering problem of the Serbian occupation of large areas of Croatia known as Krajina. Serbs from the region have attacked Bihac out of an illegally occupied area, crossing an interna-tional border to come to the assistance of their fellow Serbs in Bosnia.

"Up to now the Croatian government has shown considerable restraint and patience," Mr. Williams said. "But they have been obliged to witness an attack by Serbs out of Croatia into another member state of the United Nations. Obviously, they are extremely concerned."

Defense Minister Gerojko Susak of Cro-

See BOSNIA, Page 7

In Trade Debate, a Shift to Protectionism

By Tom Buerkle international Herald Tribune

BRUSSELS - The world trade agreement appeared headed for approval in the U.S. Senate on Thursday, hut the intense debate over the accord revealed a rapid fraying of the free-trade consensus that has prevailed in the United States and other industrialized countries since World War II, officials and analysts said.

The shift, which is likely to slow further trade liberalization efforts, reflects acute fears that the jobs of millions of middleclass workers are threatened by the mass of cheap labor in rapidly developing economies in Asia and Latin America.

The protectionist sentiment is reinforced in the United States by a hudding isolationism that has led even establishment figures like Senator Bob Dole of

Kansas, the incoming Senate majority leader, to question the future of NATO. "There is a feeling that the world is a troubled place, and we're better off not opening up any forther," said Gary Hufbauer of the Institute for International

Economics in Washington. Intense last-minute lobbying by President Bill Clinton, senior Republicans led by Mr. Dole and business leaders got the General Agreement oo Tariffs and Trade accord through the House of Representa-tives comfortably oo Tuesday, and was expected to win approval in the Senate late

"By the time the vote is actually taken tonight, we expect GATT will pass," the White House press secretary, Dee Dee My-

ers, said Thursday. Passage would represent a major victory for Mr. Clinton, and could help him estab-

lish cooperation on other issues with the Republicans who swept cootrol of both houses of Congress last mooth.

It also would virtually assure the planned Jan. I start-up of the trade accord, which eleared a key burdle in Japan's Parliament on Thursday and is expected to be ratified in Europe in coming weeks.

Still, the vote was a far cry from the previous GATT deal, the 1978 Tokyo Round agreemeot. That was approved, 395 votes to 7, in the House and 90 to 4 in the

For a country that single-handedly designed GATT in 1948 and made open trade a cornerstone of postwar security and prosperity, today's opposition represents a drastic change.

Peter Sutherland, director-general of

See GATT, Page 7

Russia Balks **Over NATO** Expansion To the East

Moscow Refuses to Sign Accord on Special Ties; U.S. Plays Down Move

By Daniel Williams

Washington Post Service
BRUSSELS — NATO's foreign ministers tried to turn attentioo away from the Balkans and paint a rosy picture of future European security on Thursday, but their efforts were undercut by the Russian for-eign minister. Andrei V. Kozyrev, who objected to NATO's long-range plans to extend membership to former Soviet satel-

Mr. Kozyrev was in Brussels to sign a program of military cooperation and coo-sultation with the North Atlantic Treaty Organization, but in an extraordinarily awkward moment for the alliance he told the 16 NATO ministers that he would refuse to go ahead with it.

"Very frankly I must tell you, there are certain issues that must be clarified," he said, fingering the day's NATO communique that set out the oext steps for possible expansion. "If the strategy of NATO is to enlarge, that requires consultation.

The NATO secretary-general, Willy Claes, responded quickly: "It's oot too difficult to explain, I'll ask the press to leave oow." The televisioo cameras were shut off.

American officials dismissed Mr. Kozyrev's comments, saying they still expected Russia to sign.

"I would be tempted to say it was a theatrical performance meant for domestic political consumption," said the U.S. State Department spokesman, Mike McCurry. The government of President Boris N. Yeltsin has been criticized by Russian conservatives for easing closer to the West In all, it was an uphill struggle for NATO to exhibit confidence and purpose.

An admission of impotence over Bosnia 00 Thursday departed sharply from a meeting less than a year ago of NATO leaders, including President Bill Clinton. who decided that NATO warplanes should be used to protect Bosnian Muslim civilians from attacks by rebel Serbs. The Clintoo administratioo regarded the air strikes as a means of pressuring the Serhs to sign a peace agreement.

The threat dribbled away last week as the Serbs assaulted the town of Bihac, cootrolled by the Muslim-led government of Bosnia. Britain and France rehuffed an American request for air strikes, prompting the Clinton administration to ahandon the tactic of linking force to diplomacy. NATO was left trying to shore up its own

"The solution for this appalling conflict can not come from this organization alone," said Mr. Clacs.

"I have heard oo head of state or prime minister ready to take the risks,' he said, referring to full-scale intervention.

What was important, Mr. Claes said at a oews conference, was NATO "solidarity." He excused NATO's performance by say-

See NATO, Page 7

Berlusconi Strikes a Deal With Unions

By Alan Cowell New York Times Service

ROME - Prime Minister Silvio Berlusconi on Thursday struck a last-minute compromise with Italy's labor unions oo budget cuts, averting a planned eight-hour general strike Friday that would have deepened his government's aura of embat-

The breakthrough after 22 hours of negotiations was depicted by the Italian leader as yet more good news after two other developments that eased the crisis over the decision last week by magistrates in Milan to investigate him for corruption.

On Tuesday, in a highly unusual show of common purpose, his three-party coalition

By John Markoff

New York Times Service NEW YORK -- Whoa, there, wide-eyed

computer industry executives. Michael H.

Spindler, chairman of Apple Computer,

has some words of caution. You have too

It is a remarkable turnabout coming from a company conceived less than 20

Newsstand Prices

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much vision.

And, on the same day, the Court of Cassation, the country's highest court of entwined could not be tried in court by the same graft-busting magistrates who are investigating him.

Uoder the Italian legal system, the mag-istrates who oversee investigations also ap-pear in court as prosecutors. Bot the court ruling ordered magistrates in Brescia to take over from the Milan investigators as the case — involving bribes purportedly paid to the tax police by companies including Mr. Berlusconi's Fininvest - ap-

years ago and dedicated to the proposition

that personal computers would change the

Wednesday to discuss some technology so

pragmatic and fundamental that it almost

sounded boring, says he is fed up with the

industry's lofty promises.

He is tired of windy talk about omnipo-

tent widgets that will change our lives by

scheduling our meetings, answering our

phone calls and otherwise organizing us.

Flirting with heresy, Mr. Spindler says he sees no need for the so-called informa-

tion superhighway. And 500 channels? Six-

"This is not going to be an all-electronic world where we all sit on the couch and are

force-fed a constant stream of informa-

tion," he said.
Mr. Spindler, a pragmatic German engi-

See APPLE, Page 16

ty are plenty.

But Mr. Spindler, in New York on

program, giving the Italian leader breathing space at least until the new year.

appeal, ruled that the corruption case in which the Italian leader is purportedly

offered support for a six-month policy

Apple's Chief Shoots Down Vision

Of a Computer Junkie's Paradise

Mr. Berlusconi repeated on Thursday, however, that he would not use the ruling to sidestep interrogation by the Milan magistrates whose inquiries into massive corruption brought down Italy's oce-time

political elite.

"It will definitely take place at the Milan prosecutor's office and there will definitely be a press conference afterward," said Mr. Berlusconi, who seemed far more relaxed during a press conference Thursday than he did last week as he resisted pressures to

resign.
"I'm not resigning," Mr. Berlusconi said Thursday. "Don't even think aboot it." "I do not believe there is a court in the world that could condemn me just because See ITALY, Page 7

Kiosk

Clinton to Seek **Defense Increase**

WASHINGTON (Renters) — President Bill Clinton said Thursday he would ask Congress to increase defense spending by \$25 billion over the next six years to ensure that U.S. military readiness remains at desired

peaks.		
Book Review		Page 7.
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Book Review		Page 7.
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Yen	99.345	98.975
FF	5.393	5.3835

Cracking a Cursed Case of Saudi Jewels

WORLD AIDS DAY — Delegates of 42 nations met Thursday in Paris to urge governments to make fighting AIDS a top priority as activists like Wu Chunsheng, left, offered brochures on the disease to passers-by in Beijing, Page 7.

By William Branigin Washington Post Service

BANGKOK - After oearly five years of frustration, Saudi Arabia's royal family has reason to hope that it may finally get some justice in the case of more than \$20 million worth of stolen jewelry — thanks in part to a pistol-packing diplomat's rather undiplomatic behavior, the power of superstition and what might be called "the

curse of the Saudi gems. By all accounts, the case of the missing jewelry has become Thailand's worst scandal leaving a trail of dead bodies, ruined careers and expensive ill will between the Saudi and Thai kingdoms, Certainly, su-perstitious Thais cannot be hlamed for

believing rumors, encouraged hy the Sau-dis, that an ancient Bedouin curse hangs over the jewelry. Pilfered in Saudi Arabia by a Thai ser-

vant in 1989, recovered by the Thai police in Bangkok and then stolen again, the treasure includes irreplaceable family heirlooms huodreds of years old.

At least 17 Thai police officers stand implicated in various aspects of the case, and private investigators hired by the Saudis have pointed to eveo higher-ranking government and other officials. Moreover, Thailand has lost billions of dollars in revenue from a Saudi han on hiring Thai guest workers and a decline in Saudi tour-ism here.

Now, says Mohammed Said Khoja, the armed and outspoken charge d'affaires at the Saudi Arabian Emhassy here, there is new hope of resolving the case and recovering some of the missing jewelry. Feeding this hope, be says, are the recent formation of a Thai police investigative team he can trust, a new amnesty program and the power of the "curse."

In recent weeks, more than 100 pieces of the missing jewelry have been turned in anooymously to the police under a co-questions-asked policy. Accompanying some watches was a cote saying they had

See GEMS, Page 10

Moscow's Deadline To Republic Passes

Yeltsin Appears to Back Off Threat of Imminent Action

By Fred Hiatt

MOSCOW - President Boris N. Yeltsin's 48-hour ultimaturn to the breakaway Chechen Republic expired Thursday without attack from the Russian troops massing oo the bor-der or without other decisive

Mr. Yelisin threatened Tuesday to use "all forces and resources at the disposal of the state" unless the rebel govern-ment in Chechnya disbanded its army and freed its Russian prisoners by Thursday mornng. He said he would otherwise impose a state of emergency on the southern Muslim republic, which unilaterally declared its independence from Russia in

But on Thursday evening, the presidential administration appeared to step back from a potentially violent conflict. The official Itar-Tass press service reported that Mr. Yeltsin would not declare a state of emergency in Chechnya "in the oearest fu-ture," although Chechnya had

not complied with his demands.
Accusing the media of misinterpreting Mr. Yeltsin's threat, the presidential press service reissued the ultimatum, but without the key words, "a state of emergency will be imposed." Also missing in Thursday's version was the cootention, contained in the original, that all bope had been exhausted that Chechnya itself could settle its internal conflict."

In a tense and confused day,

U.S. Would Assist **UN Peacekeepers** In Bosnia Pullout

Washington Past Service

WASHINGTON - President Bill Clinton has made a 'decisioo in priociple" for American ground forces to aid in the withdrawal of UN peacekeepers in Bosnia if the United Nations were to make such a request, officials said. Pentagon planners have been

working on contingency plans for such an operation, including scenarios that could involve "many thousands" of U.S. troops for "months," a senior

A withdrawal of the peacethe official said. But the issue has taken on more urgency as a Serbian advance in Bosnia has underlined the ineffectiveness of the 24,000 UN peacekeepers and triggered new calls for their

withdrawal. A senior U.S. official said that Washington expected that the British and French would resist removing their peace-

not all signs pointed away from conflict. Two warplanes dropped bombs on the capital, Grozny, killing a woman and badly injuring two children, ac-cording to journalists on the scene. Chechnya asserted that the planes belonged to Russia. Russian television also reported that troops and tanks were still moving into position on Chech-

nya's borders. Kremlin leaders view Chechnya's claim of independence as a threat to the integrity of Russia and a dangerous example to other restive regions. In addition, law-enforcement officials say the republic, rich in oil and with fewer than a million peoole, has become a source of lawessness and arms trafficking.

But many Chechen people, who resisted Russian conquest for decades in the 19th century and suffered heavily under the Soviet regime, believe they have a legitimate right to self-rule. Thousands of Chechen men in tall fur hats gathered Thursday with their rifles in Grozny's central square; some vowed to resist to the death any Russian

Some Russian analysts have predicted that an attempt to break Cbecboya's independence by force could set off a long guerrilla war there and provoke terrorist acts elsewhere in Russia. The police in Russia stepped up their guard on Thursday around nuclear pow-er stations, Moscow subway stations and other potentially vulnerable points.

Russia has been arming and financing pro-Russian opposinon groups in Chechnya for several mooths, but they have met with little success. Chechnya's leaders have asserted that Russian troops and planes have taken part in the fighting; Russian officials bave denied the accusations.

But the crisis this week was set off by Chechnya's capture of about 70 Russian soldiers, in-cluding a number of army offi-

The ehairman of the Russian Parliament's defense committee flew with other legislators to Grozny for talks on Thursday with Chechen officials on the prisoners.

Thursday morning, sbortly after the deadline passed, a spokesman for Mr. Yeltsin announced that "a package of keepers is not at all imminent, measures is being carried out the situation in the Chechen republic and reinstating constitutional order, law and the defense of human rights." The statement did not specify the

measures. The spokesman also said that Mr. Yelisin was taking "all necessary measures to save the Russian soldiers" taken prisoner in Chechnya.



Irmgard Möller being greeted by friends Thursday upon her release from prison.

Germany Sets Terrorist Free **Car-Bomber Leaves Prison Unrepentant**

By Rick Atkinson

Washington Post Service BERLIN — Irmgard Möller, an unrepentant leftist terrorist convicted of killing three U.S. soldiers with a car bomb in 1972, walked out of prison on Thursday after ber life term was commuted to a suspended sentence.

Miss Möller's release on grounds of poor bealth came despite protests from family members of her victims and the U.S. State Department, which last month publicly deplored her lack of remorse in 22 years of confinement.

A crowd of 250 supporters, flanked by dozens of reporters and photographers, awaited Miss Möller as she emerged from the gates of the federal prison in Lübeck, near Hamburg. She waved and smiled at the crowd while collecting champagne bottles, Christmas presents and bouquets of roses and gladiolas.

"It still feels a bit unreal," said Miss Möller, 47, dressed in a red sweatshirt, leather iacket and icans. "I would never have gotten out if there hadn't been an international mobilization."

Miss Möller deflected all questions about her plans but indicated that she was not ready to condemn the political ambitions of the ootorious Baader-Meinhof gang -

later known as the Red Army Faction — of which she was an early member.

"A lot of people are going to ask how I survived all this time," added Miss Möller, who spent part of her imprisonment in solitary confinement. "I kept alive the aims for which I fought and I felt the support of my sympathiz-

Miss Möller drove an explosive-packed car ooto the U.S. base in Heidelberg on May 24, 1972, as part of bloody campaign against American "imperialism" and the U.S. military's "genocid-al" war in Vietnam. The subsequent explosion killed three U.S. soldiers. Miss Möller was captured six weeks later and had been in prison since. Among those who objected

Charles Bonner of the U.S. Air Force, whose father, Captain Clyde R. Bonner, died in "I was only 7 when my fa-ther was killed," Scrgeant Bonner said recently. "Our housing was just across from that parking lot. That's some-thing I'll never force!" He

to ber release was Sergeant

thing I'll never forget." He added, "I think releasing here is ridiculous " Although Miss Möller re-

fused to cooperate with a

court-appointed psychologist evaluating her mental stabil-

ity, the Lübeck court con-cluded this fall that she oo longer posed a threat to society and "had changed her attitude toward violence in a

positive way."

The Heidelberg state prosecutor declined to appeal the court's decision.

Miss Möller reportedly suffers from skin, eye and other diseases. She appeared drawn and pale Thursday, a graying shadow of the striking 25-year-old terrorist. As the longest-serving female inmate io Germany, Miss Möller had become a martyr of the far left and a cause celebre for clergy, writers and

Her notoriety derives in part from being the only sur-vivor of the so-called "death night" in October 1977, when three other top Red Army Faction leaders died in Stuttgart's maximum security Stammheim prison. German authorities and foreign experts determined that the three had committed suicide but Miss Möller, who was discovered with four deep knife wounds in ber chest, insists she was the victim of a gov-

crament plot German legal experts have predicted that Miss Möller's parole will be followed quickly by the release of other Red Army Faction prisocers.

Sinn Fein **And British** Will Meet

By John Darnton New York Times Service

Next Week

LONDON - The British government and Sinn Fein, the political face of the IRA, will begin negotiations in Belfast oo Wednesday, almost one year af-ter Britain and Ireland launched an initiative to try to resolve the conflict in Northern

The announcement was not a surprise, but still it set off an exciting ripple that history was in the making. Though British officials have in the past conducted secret talks with Sinn Fein leaders, never before have they sat openly at the same table with people they used to disparage as "terrorists." In both a letter to the Sinn

Fein leader, Gerry Adams, and a three-paragraph statement. Prime Minister John Major's office pointedly referred to the office pointedly referred to the meeting as "exploratory dialogue." This is in keeping with London's position that it is simply joining in "talks about talks," out a full-fledged negodating session, which must involve all parties to the conflict. For 25 years now, the Irish Republican Army has been fighting the British Army in the name of the Catholic minority of 650,000. It wants to join Ul-

of 650,000. It wants to join UIster to the Irish Republic to the south, something that is an anathema to the province's 950,000 Protestant majority. They insist upon their right to remain British.

The announcement of talks evoked a familiar pattern of re-sponses across Ulster's varied political spectrum, Mr. Adams, who took a considerable risk in persuading the IRA to go along with a unilateral truce that was declared Sept. 1, welcomed it.

"The opportunity to realize a lasting peace, which will benefit all of the people of Ireland, has never been greater," he said. A clever antagonist, Mr. Adams had lately been making political hay by charging London with foot-dragging on the peace process. Now he said it was time to move on to "the next phase of dialogue: multilateral talks led by both governments."

The Ulster Unionist Party, the mainline Protestant political group, was skeptically accepting. At least the talks would establish one thing, said an Ul-ster Union Party member of Parliament, John Taylor, and that was "if Sinn Fein really is party."
The Reverend Ian Paisley,

the preaeber and parliamentary member who has turned his Democratie Unionist Party into a rejectionist froot, continued a House of Commons on Thursday that "a vast majority of people" resented the decision to talk to "the men of blood."

WORLD BRIEFS

West Bank Taxes Pass to Palestinians

RAMALLAH, West Bank (Reuters) — The Palestinian Authority got its biggest lift toward financial independence on Thursday when Israel handed over control of taxes in the West Bank that experts say could earn hundreds of millions of dollars. Brigadier General Gadi Zohar, head of Israel's Civil Administration, and the Palestinian finance chief Mohammad Zuhar

Brigadier General Gadi Zohar, head of Israel's Civil Administration, and the Palestinian finance chief, Mohammed Zuhdi Nashashibi, signed the transfer agreement at a ceremony here. "Taxes are the bride-price of independence and the key to democracy and participation." said Atef Alawneh, director-general of the Palestinian Finance Ministry. He added: "We must say a word to the taxpayer. The avoidance of taxes under occupation was a national struggle worthy of praise, but now it is 180 degrees different. Now delay in paying means a delay in building the different. Now delay in paying means a delay in building the

2 More Journalists Killed in Algeria

ALGIERS (AP) - Two more journalists have been assassinat-

ALGIERS (AP) — Two more journalists have been assassinated in Algeria, security forces said Thursday, hringing the death toll among journalists to about two dozen since they became a target of Islamic militants 18 months ago.

The latest victims were Ahmed Issaad, a reporter for state television, and Nasseredine Lekhal, a journalist with the state-run daily Al Massa. They were stabbed to death Wednesday in Boufarik, south of Algiers, security forces said.

UN Report Blames Hutu in Massacres

PARIS (Reuters) — The head of the United Nations commission has concluded that the genocide in Rwanda this year cost 500,000 lives and that hard-line supporters of former President Juvénal Habyarimana and his government were behind it.

Atsu-Koffi Amega, whose report was made public Thursday, said his team had been unable to find out whether the Rwanda Pariotic Front, now in power had also committed atrocities as it.

Patriotic Front, now in power, had also committed atrocines as it fought General Habyarimana's forces.

Human-rights groups estimate that hard-liners in the Hutu-led government organized the killing of up to a million people between April, when the president's plane was shot down, killing him, and July.

Millions Attend Rites of Shiite Leader

NICOSIA (Reuters) - Millions of people attended the funeral of Iran's Shiite grand ayatollah in Qom, Iran, Qom oo Thursday, amid signs that members of the religious hierarchy were preparing to name the spiritual leader Ali Khamenei as his successor.

Grand Ayatollah Mohammed Ali Araki died at the age of 100

Tuesday with oo obvious candidate to succeed him. But Iran radio's English-language service referred to Ayatollah Khamenei several times on Thursday as "Grand Ayatollah."

For the Record

Panla Corbin Jones, who has accused President Bill Clinton of sexually harassing her when he was governor of Arkansas, lost a court fight on Thursday when a federal judge ruled that Penthouse magazine can distribute partly nude photographs of ber. (Reuters)

TRAVEL UPDATE

Amsterdam Extends Bars' Hours

AMSTERDAM (AP) — Amsterdam will allow its 2.850 bars and cafes to stay open until 4 A.M. on the weekends and 3 A.M. during the week, as of Jan 1.

"We have to compete with cities like Berlin where cafes can stay open until whenever. They are big competition," Joop Brouwer, of the city's restaurant and cafe owners' interest group, said Thursday. "We want to have more offerings for our tourists."

Ukraine has officially opened its first modern international airport at Boryspil, near Kiev, after nearly two years of reconstruction. Luggage conveyers, English-language signs and gleaming toilets are features of the new airport. The \$15.1 million project was financed by the European Bank for Reconstruction and Development and two Ukrainian banks.

European Union interior ministers have agreed to allow children oot bolding EU passports to travel visa-free within the EU if they are part of a school group, Germany's interior minister, Manfred Kanther, announced.

Spanish train engineers have called for a 24-hour strike Friday to back demands for a 20.9 percent pay increase, unions said Thursday. The Transport Ministry said it would ensure a miniline opposing talks or any other move smacking of compromise. He proclaimed before the man service, which should guarantee that 50 to 70 percent of commuter trains operate at rush bours along with 50 percent of long-distance trains.

(AFP)

Germany plans to open two new consulates general in Russia, one in Novosibirsk and another in Saratov on the Volga River, to promote economic and cultural ties and serve German citizens living there. (Reuters)

Hovey's New York Bar

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ORLY-LONDON from FF. 790 RT * 4 flights daily 1st flight from Orly 7:15 am

AirUK Scheduled Airline See your Travel Agent or call (Paris): 44 56 18 08 In Newly Democratic Albania, Voters Rebuff Leader By Henry Kamm

TIRANA, Albania - The voters in what was once the most rigidly communist country of Europe have dealt a sharp victory in their first democratic elections in 1992.

As a result, Albanians and foreign diplomats fear that the infant democratic system has affection for the once hugely lapsed into a deadlock that puts popular leader of the Demoat risk the political and ecooomic gaios achieved since Communist power began to crumble in 1991 in Europe's poorest, most underdeveloped and dependent country. Albania's voters last month

is ask the butler..

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ervice it anything you want it to be

rejected, 54 percent to 42 per- til the 1992 landslide by the cent, a draft constitution that party of Mr. Berisha, a cardiol-President Sali Berisha had placed before the electorate. Mr. Berisha circumvented the too many Albanians an impres-Parliament, where approval by sion of resembling his dietatorirebuff to their president, to two-thirds would have been re- al predecessors in style, al-whom they handed a landslide quired, and chose a referendum though not in cootent. in the belief that he was sure to

win a majority. low point in a steady decline in cratic Party, oot for what be has done or oot done but for the way in which he does it.

Albania was repressively and reclusively ruled by Enver Hoxha and his chosen successor, Ramiz Alia, from 1944 un-

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Mr. Berisha has cooveyed to result showed that early parlia-

Even leaders of the largest opposition party, the Socialist The defeat is seen here as the successors to the Communists, grant that the president has effectively led Albania's transi-

> market economy. "The Democratic Party and Berisha have played a positive role after the fall of communism," Luan Hajdaraga, a vice president of the Socialists, said in an interview.

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from his own party have deprived him of the two-thirds majority he had obtained in the tion toward democracy and a 1992 elections, and the oneman character of his referendum campaign proved counterproductive.

> "Albanians were oot against the constitution but against the style of the propaganda," said Ismail Kadare, a writer. "The television propaganda was fre-

mentary elections were called

for to reflect the present mood

of the country. Parliament

Parliament, where defections

Mr. Berisha's disregard for

elects the president.

but even they said the voters

Mr. Hajdaraga and Arta Da-bulla, a member of the party vigorously rejected all criticism vigorously rejected all criticism. "If you examine my constitu-tion," he said, "you will find it definitely diminishes and not increases presidential power."

He said there was no question of calling early elections or submitting a new draft to Par-liament before submitting it to the electorate. In a round table with party leaders, he proposed that Parliament name a oew drafting committee.
"Berisha has a clear desire for

a democratic society and a market economy," an ambassador said. "But does he know what these things mean?" He answered his question by recalling that, like all Albanians, the president was a product of a system that denied its people netic. It annoyed everybody and recalled the days of commore open societies. more open societies.

Mr. Kadare said he saw a Opposition politicians criti-silver lining in the referendum cized the draft as giving too result. "It showed this people many powers to the president, have truly progressed," he said. "Despite the frenetic television had rejected the president's propaganda, the people calmly style rather than the charter.

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THE AMERICAS / LAST OF THE BOSSES

Gingrich to Benefit As Party Weakens House Panel Leaders

By Guy Gugliotta Washington Post Service
WASHINGTON — Reforms contemplated by the speaker-to-be, Newt Gingrich, speaker-to-be, Newt Gingrich, and the incoming Republican leadership will substantially weaken House committees and make it unlikely that the Republicans could create a new generation of "bosses" in the tradition of Democrats such as Dan Rostenkowski af Illingis

Dan Rostenkowski of Illinois and John D. Dingell of Michi-Instead, almost by default, power will flow back to the speaker's office, where Mr. Gingrich, Republican of Georgia, and his advisers bave forged a close working alliance with the young Republican members who have the most to gain in the new regime. Mr. Gingrich has said he bopes to

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freshman on every committee. . The Republican team is aiming for a historic makeover in way the House conducts business and will accomplish it simply by exercising its prerogative as the majority party and

changing the rules.

Things will be substantially, if not radically, different," said Representative Robert S. Walker of Pennsylvania, one of the party's leading theorists. Overall, the party aims to create a leaner, more efficient House that will pass fewer but better bills, he said.

The new rules will eliminate three committees, slash committee staff by one-third, impose term limits on committee and subcommittee chairmen, end proxy voting in committee, rewrite the rules of floor debate and stipulate a three-fifths majority to pass tax increases.

Power, grown diffuse and unwieldy during the Democrats' 40-year domination, will shift away from the committees and toward the speaker's office, where the rules are written. Chairmen will be challenged on the floor, their bills amended and their wishes thwarted. Y"I can say this," said the in-

coming chairman of the Natural Resources Committee, Donald E. Young, Republican of Alaska, "I believe the House can't run as a total democracy.'

But for Mr. Young and other new committee chairmen, many of whom have waited for decades to run the show, the prospect of having their authority diluted by committee term limits, staff reductions and challenges to their jurisdiction may be less than attractive.

The incoming chairman of the Energy and Commerce Committee, Thomas J. Bliley Jr., Republican of Virginia, al-ready has withstood the leadership's efforts to dismember his committee, Republican sources said. But publicly, most, if not all, senior Republican members seem willing, at least for now, to try out the changes. Henry J. Hyde, Republican

of Illinois, who is set to take over the Judiciary Committee, said be had "mixed feelings" about the rules but would "see how it works" with the proviso that the changes could be undone if they proved unsuccess-



THE BUSHES DIG IN - George Bush, his wife, Barbara, and family at a groundbreaking for the George Bush Presidential Library in College Station, Texas. Gazing at several former members of his cabinet, he deadpanned, "When I look out here at the dedicated leaders from my administration, I see — well, I see half the field for 1996."

Away From Politics

 An international drug money-laundering operation, which prosecutors said used lawyers, rabbis, a diplomat and a New York policeman who reportedly stored close to \$1 million in his precinct locker, was broken up after raids in New York. Florida, Colombia, Europe and Los Angeles.

• Several anonymous phone calls threatening President Bill Clinton led to the arrest of a 15-year-old in Detroit who said be made them from school to relieve his boredom and to impress his friends, the Secret Service said.

• A jury recommended a zookeeper be awarded more than \$3 million for the arm she lost to a polar bear she was feeding at the Cincinnati zoo.

• The former TV evangelist Jim Bakker became a free man Thursday, after four and a half years in prison, a month at a halfway house and four months of house arrest, Mr. Bakker, 54, was convicted in 1989 of defrauding his followers.

• The last of three Marines to be tried in the May 1 stabbing death of a fellow Marine near Hiroshima, Japan, has been sentenced to life in prison, the U.S. military said. Corporal Kenneth E. Ruiz, 23, was convicted of premeditated murder. • In a ruling that has stirred deep and emotional divisions among Catholics in northern Virginia, Bishop John R. Keating said the Arlington Diocese would not allow girls to serve at the altar in most services. Pope John Paul II has ruled that girls can be altar servers, although he left the decision to each LAT. AFP. Reuters, AP. WP

Mexico's New Leader Pledges An Era of 'Fair Treatment'

By Tod Robberson

MEXICO CITY — Ernesto sale reform of Mexico's corruption-tainted judicial system.

With Vice President Al Gore the advances Mr. Salinas's six- beyond our borders." year administration had made

North American Free Trade fully negotiate an end to a peas-

Although Mr. Zedillo repeat-Zedillo Ponce de León, a 43- edly praised Mr. Salinas, the year-old, Yale-educated econonew president beavily criticized mist, donned the presidential the outgoing administration's sash Thursday and delivered a toleration of corruption, perscorching inauguration speech sonal enrichment by public ofcalling for greater attention to ficials, lax law enforcement the nation's poor and for whole- practices and inattention to the nation's poorest people.

In a clear reference to last month's passage in California of the United States, Fidel Cas- of the anti-immigration Propotro of Cuba and most other Lat- sition 187, Mr. Zedillo frowned in American heads of state in as he pledged to be an "active attendance at Mexico's Legisla-and open nationalist" who tive Palace, Mr. Zedillo hugged would "defend lawfully and dethe outgoing president, Carlos cisively the dignity and buman Salinas de Gortari, and praised rights of those Mexicans living Mr. Zedillo urged redoubled

in transforming Mexico's ecoo- efforts to investigate two major omy and implementing the political assassinations, peace-

ant uprising in southern Mexico, and curtail international drug trafficking and wide-

spread political corruption. The overriding theme of Mr. Zedillo's speech was that average Mexicans do not feel they are receiving fair treatment under a political and economic system heavily weighted to favor Mexico's business elite.

"Fair treatment means fighting monopolistic practices, abuses and privileges. It means precise, simple regulations to prevent corruption and promote economic activity," Mr. Zedillo said. "Fair treatment means a simple, transparent and equitable tax system, and the capacity to defend oneself against possible abuses on the part of authorities."

* POLITICAL NOTES*

Ethics Debate Swirls Around Gingrich

WASHINGTON - The House speaker-to-be, Newt Gingrich, who has built a political reputation as an ethics crusader, now finds himself at the center of a congressional debate over alleged improprieties while also in the powerful position to pick new members of the House ethics committee.

Mr. Gingrich, Republican of Georgia, says he will not recuse himself from making appointments to the 14-member ethics panel despite a complaint lodged with the panel that said he improperly used his political organization to finance a college course he taught. He bas dismissed the allegations as nothing but political vindictiveness by a former Democratic representative, Ben Jones, whom he defeated Nov. 8.

Mr. Gingrich has sent a letter to the panel in which he contended that it did not have the authority to investigate the matter because it is a tax issue. The panel put off a decision this week on whether to pursue the allegations, raising the possibility the matter will not be resolved until early next year, when Republicans assume control of Congress.

Mr. Jones asserted that Mr. Gingrich had violated House rules by improperly using GOPAC, a Republican political organization that Mr. Gingrich heads, to develop and raise money for the course he taught last year at Kennesaw State College in Marietta, Georgia. Contributors who funded the course got tax deductions because they sent checks to the college's foundation.

Retiring Leader Gets Part-Time U.S. Post

WASHINGTON - President Bill Clinton will name the retiring Senate Democratic Leader, George J. Mitchell, to be a special adviser for economic initiatives in Ireland, White House officials said Thursday.

The appointment will be part-time, and not tied directly to peace talks between Britain and Ireland, officials said. (AP)

Quayle's Blood Clots Laid to Long Flights

NEW YORK - The blood clots that lodged in former Vice

President Dan Quayle's right lung probably resulted from immobility during long airplane flights, his doctors said.

The condition of Mr. Quayle, 47, who is in an intensive care unit in Indiana University Medical Center in Indianapolis, has improved and his vital signs have returned to normal. He will begin on an anti-coagulant drug that he is expected to take for several months after leaving the hospital. (NYT)

Illegal Aliens Cost California \$2.3 Billion

WASHINGTON — The General Accounting Office has released a report estimating that California will shoulder \$2.3 billion in costs during the coming fiscal year to provide education, emergency Medicaid and adult incarceration for its large population of illegal immigrants.

The study, released by Senator Barbara Boxer, Democrat of California, also estimated that the state's undocumented population generates \$1.3 billion in U.S. tax revenues. (LAT)

Quote/Unquote

From a draft of "1945," a forthcoming novel about World War II co-written by Mr. Gingrich: "Suddenly the pouting sex kitten gave way to Diana the Huntress. She rolled onto him and somehow was sitting athwart his chest, her knees pinning his shoulders. 'Tell me or I will make you do terrible things," she hissed." Moments later, the hapless White House chief of staff succumbs to the German spy's spell, telling her:
"We're making this new kind of bomb."

(AP)

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A Moment of Shame

Butros Butros Ghali went to Sarajevo on Wednesday not so much to save what is left of Bosnia as to save what is left of the United Nations, whose mission, reputation, self-respect and forces alike are in peril. He said that if there were not a cease-fire in Bihac and across Bosnia plus respect for UN peacekeepers, he believed that the UN expedition should end. Both Bosnian Serbs and the Muslimled Bosnian government disdain a ceasefire, and the Serbs continue harassing UN forces. With Mr. Butros Ghali's reasonable conditions unmet, the United Nations should accept the fact of its disgrace and misfortune and withdraw.

But, you say, what about Bosnia? It is only prudent to expect that removal of the UN peacekeeping cushion, thin and lumpy as it is, will undo the UN arms embargo and precipitate a new round of arming and fighting — and possibly again draw in Croatia. (It will also leave untended the 1.4 million Bosnians whose feeding is in the United Nations' care.) Within Bosnia, the well-armed Serbs start this new phase ahead, but the lightly armed Muslims figure to catch up. The latter's prospects seem dismal to many outsiders, hut Muslims are the principal

victims of the war, victims of Serbian appression and Western abandonment. and they have an undeniable moral claim to choose to fight on.

The United States has its own decisions

to take. For NATO reasons, it will want to help in the evacuation of endangered UN forces - with serious bombing if their exit is impeded. But as for joining the Muslims' battle against the Serbs in the air, American interest and opinion still dictate caution. NATO has been hiding behind United Nations neutralism; with the United Nations gone, NATO is unlikely to heal its divisions and commission a hig bombing campaign. But the NATO countries and Russia can at least offer their mediating services to the combatants, and they must use their diplomatic reach to try to inhihit the war's spread. To support their policy, the outside countries should be prepared to extend the political and economic isolation of the Bosnian Serbs for a protracted period of time.

This is a moment of hreathtaking international shame. On top of tragedy, further tragedy will be piled. But Americans do accept at least a minimal obligation to Bosnia — don't they?

-THE WASHINGTON POST.

Norway Out in the Cold

While most Central and East European countries clamor for the swiftest possible admission to the European Union, Norwegians have for the second time rejected an invitation to join. This week's referendum was only an advisory vote, hut the Storting, which has the official say, will not defy the electorate's advice.

Norway's voters are not crazy. Their country is indeed a special case - already a NATO member, rich, well run and with an economic structure that might have made it a net loser from membership in strictly economic terms. Its main export, oil, does not depend on privileged access to European markets. lts well-managed fisheries will now not have to admit Spanish, Portuguese or other EU trawiers or accept the suspect custodianship of Brussels fishocrats. So long as these resources remain plentiful. going it alone makes some economic sense. especially for the rural people who cast most of the "no" votes. Once those resources start running down. Norway can count on yet another invitation to join.

On the other hand, those working in manufacturing and service husinesses could suffer from reduced access to European consumers and investment. That helps explain the strong "yes" vote in Oslo and Bergen, Norway's main cities.

Moreover, all Norwegians may soon come to regret their country's isolation from European political councils at a time when important new security and financial institutions are being shaped.

The European Union's expansion, meanwhile, goes ahead. Three new members, Austria, Finland and Sweden, join next year. The leaders of the Czech Republic, Hungary, Poland, Slovakia, Buigaria and Romania have been invited to next week's EU summit meeting in Essen. Some of these countries may be ready for membership by the end of the decade.

The momentum lost in the early 1990s over public unhappiness with the bureaucratic and centralist Maastricht treaty seems to have been regained as Brussels and national leaders grew more responsive to public alienation and scaled down overly amhitious plans. Neither a single currency nor a common foreign and defense policy is likely before the end of this decade, as originally planned. But the European idea is again a positive vision, from the Atlantic to the borders of the former Soviet Union. Norway has chosen for now to stand outside, along with Iceland, Liechtenstein and Switzerland. A decade from now, that may no longer be a tenable choice.

- THE NEW YORK TIMES.

Back Down on the Farm

next year will be to write a new farm hill. It is a huge undertaking; here will come a five-year hill involving billions of dollars in likely subsidies and other forms of support to an entire sector of the American economy at the start of a new era in world trade. But this time the problem is compounded. The administration has no discernible farm policy, has never developed one and seems most unlikely to do so now, when it has been politically weakened and will shortly lack even an agriculture secretary. The Republicans, perhaps particularly in the House, are likewise untested. It is clear enough that they want to cut federal spending and regulation, but not so clear that they want to cut farm spending and regulation not the elaborate regulatory structures that prop up prices, at any rate.

The major farm support programs are trade-offs of price and income supports for production restraints. The strongest believers in free markets among the Republicans would do away with them. Some urban Democrats have also tried to kill or cut back some of the lesser programs, although for different reasons. There is likely to be a revival of such talk this time around, particularly if Republicans, who tend to be strong in farm states, also pass a balanced budget amendment and begin to make heavy cuts in other spending. If nnly for political reasons, members not from farm states will try to force them to The Multilateral Challenge cut farm spending, tco.

Farm state members of both parties can be expected to resist. They have already indicated that they will again try to do no more than make modest further reductions in support levels. But that, too, can eventually lead to a dissolution of the system, because as support levels drift below break-even points, farmers will be inclined to withdraw from the programs

rather than submit to production limits. That will be the broadest battlegrnund - how much and how to cut the principal programs. There will also be some

A major task of the Clinton adminis- lesser hattles. Dairy price supports have become dysfunctional region hurts another. The system has been so patched over the years that the price of milk is now almost entirely a federal artifact. A truly deregulatory Congress would strike the system down. It would do away with such anti-competitive constructs as the sugar program as well, in which import and now even domestic marketing limitations are used to

keep U.S. prices artificially high.
The farm bill also presents environmental issues. What happens next to the conservation reserve program, in which farmers are paid to idle supposedly fragile land? To what extent will either the administration or Congress seek to use the farm bill to make pesticide and/or clean water or wetlands policy?

The administration may not propose a hill. Instead it is said to be considering a statement of principles, mostly of the steady-as-you-go variety, the effect of which would be to leave the writing of the hill to Congress, which has the power anyway. That would be a bow to political reality as well as a way of preserving the president's options and avoiding hlame, all of which might be shrewd. But it still wouldn't constitute a farm policy.

- THE WASHINGTON POST.

Other Comment

The president and his top officials must be prepared to put deeds — and, if need be, military power — behind their words. That could require acting unilaterally when national interests warrant doing so. More often, it will likely mean participating as part of a larger collective effort. "Multilateralism, for good or ill, almost always requiring American leadership, bas descended on the world," notes Leslie Gelb. The key words in that

sentence are American leadership. - Los Angeles Times.



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End the Carnage in Bosnia, Even on Unfair Terms

STEYNING, England —I never imag-ined I would find myself defending Serbian conquests. Yet the choices that the United States and NATO have made throughout the Bosnian conflict have been so bad that there are no good choices left. It is better to end the carnage, even on unfair terms, than have it continue for what could be a decade or more.

The Europeans are right. The West should make the Bosnian government settle against its wishes.

After the humiliation surrounding the Muslim defeat in the struggle for Bihac, the United Nations is deadly serious about withdrawing its peacekeeping troops, perhaps even this winter, unless the warring parties agree to a cease-fire across Bosnia and a new round of talks aimed at ending the war.

The risks of withdrawal would be great, since NATO forces — presumably

including American ground troops -would have to provide escort to retreating United Nations personnel.

Until his policy shift this week, President Bill Clinton had been halfheartedly pursuing a strategy that did nothing to end the war while raising tensions with Britain and France: arguing for lifting the arms embargo against Bosnia, unilaterally ending U.S. enforcement of the embargo, and pressing for more NATO air strikes against Serbian positions. Finally, President Clinton has backed

away from these efforts now that Western forces have failed to stop the Serbs in Bihac. Now the strategy should be formally dropped.

Despite the Muslims' recent losses. there are worrying signs that they are preparing another large offensive — this time in central Bosnia. Such a move would be another fiasco. In the past, faint American encourage-

ment has led to gross Muslim overconfidence. But has the White House learned not to underestimate the Muslims' irrational and dangerous belief that the West will eventually come to their rescue?

The last two winters in Bosnia, fighting abated. This winter it may escalate as

By George Kenney

Muslims, Serbs and Croats anticipate the UN withdrawal and the possibility of capturing equipment left behind.

In the last week, peacekeepers have been de facto hostages of both Muslims and Serbs, while European governments insist that they will pull their troops out

of Bosnia if the fighting escalates.

And what happens if the United Nations leaves Bosnia? Humanitarian aid will end. The Serbs will shut down Sarajevo. There will be no passage by road in or out; no electricity, no gas, no water. There will be violent shelling.

The Serbs will no doubt grab all of eastern Bosnia and what is left of the

Uncritical condemnation of the Serbs and uncritical support for the Bosnian Muslims must be re-examined.

Bihac pocket. The Muslims can maintain a stronghold in central Bosnia, but if they ever seriously threaten Serb-held areas. Bosnian Serbs can rely on allies in Serbia and Croatia to back them up.

If the United Nations pulls out, my guess is that the Muslims will surrender within six months, with less land than they have now. Bosnia would disappear. carved up between Serbia and Croatia.

This scenario might improve somewhat if the Muslims got outside help, hut the Bosnian Serbs would find benefactors, too. Jingoistic Russian legislators, for example, have said that Russia will arm the Serbs if the arms embargo on Bosnia is lifted. The Muslims, in short, have no winning strategy. Like it or not, they are looking at the war's endgame.

Before the Muslims' recent devastating sethacks, there was reason to believe that the Bosnian Serbs were ready to sign a deal - one quite close to the plan the

five-nation "contact group" proposed this past summer.

Although senior Clinton administration officials dismissed this possibility. conversations I have had in the last two months with diplomats close to the negotiations have convinced me of the Serhs' genuine desire to end the fighting. The Serbs' recent successes have shifted the terms in their favor, but their interests in

a settlement remain the same. They don't want all of Bosnia. They know they couldn't control it. And they want to support the efforts of the Serbian president, Slobodan Milosevic, to get international economic sanctions lifted from Serbia and Montenegro.

The Bosnian Serbs flatly refused the contact group plan for several reasons. They want to keep their northern corridor connecting Serb-held territory in castern and western Bosnia at its current four-kilometer width, rather than narrow it to 2.4 kilometers as the plan provides.

As a military calculation, that logic is reasonable. They would trade Muslimheld land in eastern Bosnia, which the plan leaves with the Muslims, for Serbheld land around Sarajevo. The exchange carries both advantages and drawhacks for the Muslims, but seems negotiable.

The Serbs want most of the Bihac pocket. Thanks to Sarajevo's intemperate, failed offensive, they are taking it.

Finally, they want the same rights of confederation with Serbia that the Bosnian Muslim-Croat federation enjoys with Croatia, a proposal that now seems to be on the table.

Outsiders should note that the U.S.brokered constitution of the Muslim-Croat federation gives no explicit rights to Serbs living in federation territory, whereas it does explicitly protect Muslims and Croats. American officials privately admit that the arrangement was too hastily put together, and they are working to fix the problem.

Uncritical condemnation of the Serbs and uncritical support for the Bosnian Muslims must be re-examined. Much has changed in Yugoslavia since July 1991.

What was once a clear-cut war of aggression - some call it genocide - gradually turned into the civil war that many incor-

rectly thought it always was. What was once a genuinely multieth-nic and legitimately elected Bosnian goverament turned into a hard-line, anti-

democratic Muslim entity. Now we find ethnic cleansing by Muslims alongside that of the Serbs, and the senseless determination of President Alija Izetbegovic of Bosnia to wage war against his longtime rival, Fikret Abdic, the dissident Muslim leader of northwestern Bosnia, thus shattering the one

region spared from earlier fighting.
It is all understandable, but it isn't right, In August 1992, when I resigned from the State Department, I said the West had a hrief window of opportunity to intervene. Well, it shut a long time ago.

The clique of nationalist politicians around Mr. Izetbegovic — particularly hard-liners like Ejup Ganic, the vice president - don't want to admit that they will never govern all of the former Bosnia, because doing so raises questions about their legitimacy. Nor can they clearly explain what is to be gained by further fighting. These men — inexperienced, corrupt, unable to fathom international politics - hardly warrant U.S. support in a civil war that would destroy their country in order to save it.

I do not believe that morality has an existential reality independent from the world. Arguing that we must lift the arms embargo so that the Muslims can defend themselves ignores the brutal consequences of arming them.

In Bosnia, we have to recognize that the good is the enemy of the least bad, bowever tragic that may be. If there is anything to be salvaged from this debacle, Mr. Clinton must work more closely. with the Europeans, not against them.

The writer resigned from the State De-partment in August 1992 in protest against Bush administration policy in the former Yugoslavia. He contributed this comment to The New York Times.

Sobering Up After Casablanca: Work Remains Before the Bonanza

WASHINGTON — The re-cent Middle East/North Africa economic summit in Casahlanca was hailed by many as a significant step on the road to a comprehensive, just, durable and prosperous peace. By bringing together in a public forum highlevel government and husiness leaders from most of the countries in the region, it provided a signal - not only to people in the

By Paul Chabrier The writer is director of the Middle Eastern Department at the International Monetary Fund.

For Commerce as for Stability, Involve Arab People

region but also to those outside it of changing political and eco-

gion's countries. In the midst of optimistic statements at the summit, some participants, including the respected director-general of the Arab Fund for Economic and Social Development. Abdullatif al-Hamed, cautioned against unduly high expec-

GENEVA — The Casahlanca conference demonstrated

once more King Hassan's ability

to get conflicting parties together,

and was another example of Mo-

mean success to attract more than

a thousand leaders and executives

from all over the world. These

included leading Western and Asian politicians, and seven Is-

raeli cabinet ministers. Some

Arah governments, especially

those that have peace treaties

But apart from a natural con-

with Israel, were represented.

For the organizers it was no

rocco's gracious hospitality.

nomic relations among the re-

reminded the audience that a favorable political environment is a necessary but not sufficient condition for the region to exploit its considerable economic potential.

This reminder of the challenges ahead is confirmed by the experience of the International Monetary Fund with countries in this region and others that have called on the IMF for macroeconomic policy advice, as well as technical and financial assistance in support of their economic adjustment and reform programs.

Certainly, peace and economic progress are linked: peace improves the prospects for high ecotations. Their sobering remarks nomic growth and poverty reduc-

In a large measure this was due to an old habit of Western and

Israeli policy toward the Arab

world, namely, reaching out to

Arab governments but rarely to

Arab people. The Israelis are still

far from winning popular accept-

Fifteen years of Egyptian-Israe-li coexistence has brought a vol-ume of trade of around \$40 million

per annum between the 60 million

Egyptians and the 5 million Israe-

lis. This represents an annual ex-

change of goods and services of

ability in the region.

tion; better economic conditions help to cement the peace process.

Specifically, at the country level in the Middle East, reductions in defense spending would free resources to finance needed investments, especially in social sectors like health and education. Peace would lessen private market perceptions of country risk, thereby boosting the expected return to investment activities, a key to high sustained economic growth.

At the regional level, reduced tensions would open opportuni ties for welfare-enhancing trade, production and investment.

Tourism, power generation, water and transport could all bene-

fit. In addition, there is scope for joint production activities, especially in agriculture, agro-industries and manufacturing.

Both the private and the public sectors from several countries in the region put specific projects on the table at Casablanca. In some cases they relied on a strengthened institutional base. Suggestions included; establishing a development hank to facilitate the. financing of regional infrastructure projects and to serve as a forum for policy deliberation; creating a towist board; and setting up a regional chamber of commerce to promote trade between countries and facilitate private sector contacts.

The range of possible benefits of peace lies behind some observers' enthusiastic expectations, including visions of a free trade zone from the Atlantic to

region's institutional base are carried out effectively. Macroeconomic and structural policies of countries in the region must be strengthened to create a firm enabling environ-ment for private sector growth and investment. The economic peace dividend will not materialize on its own. It needs to be

the Gulf. Four cautionary points

must be emphasized, however, in

evaluating the likelihood that economic benefits will material-

The peace process needs to

be hroadened further to bring in

all relevant parties and address

remaining, albeit difficult, issues,

This is key to a comprehensive,

Timely follow-up is needed

to ensure that appropriate pro-

posals aimed at strengthening the

ize on a significant scale:

just and durable peace.

secured through governments' determined implementation of economic adjustment and structural reform policies - policies that restrain inflation, foster growth and spur employment. The general public in the re-

gion needs to be made aware that realization of the economic peace dividend will take time. While financial assistance from industrial countries -- especially to the Palestinian authorities — will be essential in the interim period, it cannot substitute for self-generated amelioration in living standards through policies that pro-

mote saving, investment and eco-nomic efficiency.

Moreover, given the legacy of years of hostility and mistrust, new regional economic and financial linkages are likely to evolve only gradually, taking root and flowering as the people of different countries get to know and trust each other more. This is an essential reason not to allow the momentum created to be lost, but

on the contrary to build on it. The Middle East/North Africa economic summit was a signifi-cant event in the economic history of the region. Now the remaining challenges must be addressed, and appropriate policy responses formulated. As it has done or is doing in so many parts of the world, the IMF stands ready to assist countries in the design and implementation of economic policies, and in the provision of technical and financial assistance.

centration of Moroccan entrepreless than one dollar per person. neurs, the Arah husiness commu-The situation can change when nity was virtually absent. Israel and its Western allies extend

After the War, the Hard Part

By Walter Russell Mead

NEW YORK — The Middle East peace process is at a crossroads. Yasser Arafat has agreed to make peace with Israel, hut the terms of the agreement are destroying his political authority.

On the West Bank and in Gaza, one can see the decline in Mr. Arafat's influence. More and more Palestinians talk openly about their disappointment with the agreement and their disillusionment with Mr. Arafat.

Israelis aren't much happier. Agreement with the Palestinians furthered peace with Jordan, but it hasn't brought peace to the Israeli people. Soldiers are still being attacked, terrorists are still hitting civilian targets.

Israelis and Palestinians are both weary of war, hut neither side is quite ready for peace. It is the same problem that has haunted the Middle East since the 1967 war: The Israelis do not know how to deal with victory, and the Palestinians do not know how to deal with defeat.

Mr. Arafat needs to be both the George Washington and the Konrad Adenauer of Palestinian history. As Washington, he must secure national independence and pre-side over the birth of a nation and a new political system. As Adenauer, Mr. Arafat must help his people come to terms with defeat. Neither role will be easy. Mr. Arafat will need help from

the Israelis and the West. The

West's joh is the easy one: to pay.

Western governments and donor organizations must help the Palestinians set up a government, compensate refugees and provide social services so that Palestinian public opinion will be convinced that the benefits of cooperation outweigh the psychological satisfaction of continued hostility. The moncy is needed now. The Israelis have a tougher joh.

If Mr. Arafat and the peace pro-cess are to survive, the Israelis must let him win political victories that will bolster his support among Palestinians.

If Mr. Arafai must walk a

tightrope, so must Yitzhak Ra-bin. The Israeli prime minister cannot make concessions that undercut Israeli security or alienate a sensitive and divided Israeli public. But he must avoid forcing Mr. Arafat to comply with demands that discredit both Mr. Arafat and the peace process among the Palestinians.

Taking risks for peace goes against the grain for many Israelis; to make concessions to a defeated enemy seems foolish to people who have spent their lives in a struggle for survival.

Israel must learn the lesson today that the United States began to absorb after 1945: It isn't enough to defeat your enemies -you have to make friends with them. These lessons came relatively easy for the United States; they will be much harder for a small country like Israel, surrounded by former enemies whose goodwill is far from assured.

Los Angeles Times.

By Mohammad Tarbush their official dealings with Arah

governments to the Arab people. The Clinton administration has already begun such contacts with the Palestinian private sec-tor through its Overseas Private Investment Corporation. However, with an annual hudget of only \$75 million allocated to projects in the occupied territo-ries, the scope of the corpora-tion's achievements is limited.

Truly democratic institutions in the Western sense are still rare and at best at a formative stage in the Arah world: no effective trade unions or representative national assembles, widely controlled media, and in most places an omni-

present thought police. Nevertheless, a widespread and effective souk democracy exists, in which Arah consumers rule supreme and selectivity of purchase is observed. Consumers' will carries more weight in the calculations of Arah entrepreneurs than official policy. This silent constituency will vote "yes" to meaning-ful economic relations with Israel when Israeli withdrawal from the occupied territories is complete and an equitable settlement is made for the Palestinian refugees

of 1948 and 1967. The learned crowd at Casahlanca were naturally aware of the constraints facing foreign investment and mobility of capital within the region. They insisted on the need for appropriate legislation and political stability as prerequisites for economic development and prosperity.

There was talk about a \$10 billion regional development bank and other grandiose projects that would help the Middle East and North Africa leap into a more prosperous future. The right environment should also draw part of the \$600 billion in Arab funds invested abroad, with all the multiplier effects such a movement of capital would have.

Israeli participants at the conference who were looking for outlets for their products and knowhow may have been surprised by the sophistication of their counterparts and their ability to tap advanced sources of production and technology worldwide,

No doubt for this reason, hut also because, demonstrably, official peace treaties are not sufficient for growth of multinational

trade, no substantial transactions were signed, and Israeli-Arah contacts were often confined to a mere exchange of business cards. (According to Ha'aretz, this led Shimon Peres to comment that Israeli delegates were busy meet-

ing each other.)

Beyond the celebrations and rhetoric, Israelis were reminded that acceptability in the Arab world is to be earned through the occupied territories. When that happens, a major ob-

stacle to the flow of capital and ideas within this resourceful region of 300 million inhabitants will be removed. If this is coupled with the spread of legitimate regimes. and a radical correction of unemployment (now affecting mainly he young and reaching as high as 50 percent in some Arab countries), prosperity can finally dawn. Bear in mind ancient Mesopo-

tamia, which forms a fraction of the total area of the contempo-rary Middle East and North African, once supported a population of 50 million. The potential for a prosperous region is hardly an ivory tower hallucination.

The writer, a Palestinian, is an investment banker and writer on current affairs based in Geneva. He contributed this comment to the International Herald Tribune.

International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Don't Mention It

LONDON - Any man daring to mention the state of the weather in an after-dinner chat last night would have been summarily ejected from the smoking-room of any club in London. The fog was a kind which could not be cut with the proverbial butter knife, but which would take a keen-edged razor. Every man one met - or collided with - was muffled up to the ears and gasping and coughing like the asthmatic walrus of Lewis Carroll's creation.

1919: Herald Reappears

PARIS - Another strike has ended; after the booksellers' employes, the grocery and dry goods store workers and others, the Paris printers have resumed work on the former conditions. The strike having been called off, the Herald, in common with the other Paris

newspapers, reappears to-day [Dec. 2] in its customary form. It is unnecessary to state that we accepted the suspension of publication with extreme reluctance. But we had no acceptable alternative.

1944: Banzai Attacks GENERAL MacARTHUR'S

HEADQUARTERS, Philippines -[From our New York edition:] Units of the American 7th division advancing northward toward Ormoc along Leyte's west coast smashed a series of suicidal Japanese banzai attacks on Tuesday [Nov. 28] and Wednesday nights near Palanas, General Douglas MacArthur announced. Brandishing Samurai swords and bayonets, screaming and shouting, and fortified with sake, the enemy charged the 7th's positions in considerable strength. When the foe was within range, our men cut loose and mowed them down.

By William Safire

NEW YORK — The first rule of punditry is to present a clear point of view. My formula: Here's the nations most at risk will be brought into NATO and no longer be up for grabs. what's wrong; here's who's messing up; here's what we should do.
No on-the-other-handwringing.
Let others take an attitude; 1 offer certitude.

That comes naturally because I bave worked out a mindset. The fervent furtherance of freedom, international and personal, is its bedrock. That's why I want the United States to be interventionist for buman rights abroad and antibuttinsky at home.

But today I have a conflict of mindsets. One says: Within the next decade the Russian bear will become strong and bungry and will growl again, so we must strengthen and extend the Western alliance to avert a test by war.

Deep geothinkers like Henry Kissinger and Zbigniew Brzezinski support this mindset with historical sweeps: Russia is authoritarian at heart and expansionist by habit; with its educated population and vast resources - now unencumbered by Communist haggage -Russia will rise again to su-perpowerhood, and is manifestly destined to look west and south to fill its irredental caries.

If that is true - and a lifetime's hawkish instinct says it is — then we Americans should set aside petty irritations with newly complacent allies in Europe.

We should not only maintain our troop strength of 100,000 Americans there, which puts our men and women where our mouth is, but extend membership of the North Atlantic Treaty Organization eastward to countries most likely to be threatened by a revivified Moscow.

That means soon taking in Poland, Hungary, the Czech Republic and the Baltic states - the most Westernized nations of Eastern Europe — and ultimately Ukraine as it privatizes. The time to push the protective line eastward is now, while Russia is weak and preoccupied with its own revival, and not later, when such a move would be an insufferable provocation to

a superpower. That inclusion is the direction taken by Clintonites, to the consternation of doves and other isolationists. After flirting for a year with a silly halfway house called a Partnership for Peace to fool or pacify the Russians, Deputy Secretary of State Strobe Talbott is getting serious about making certain

That is why President Bill Clinton is off to Budapest on Sunday on a frenetic five-hour photo opportunity at a gathering of the Conference on Security and Cooperation in Europe, the alliance higger than NATO but smaller than the United Nations. It is a way of telling the Russians they can belong to a convivial European club too, without letting them into NATO, which would defeat the purpose of the Atlantic alliance.

On the other hand (a phrase I swore never to write), there is this contrary mindset: If allies are not prepared to pull their weight in an alliance, let them go it alone.

Bosnia is to the UN what Ethiopia was to the League of Nations: the moment of truth at which the world body flinched, inviting greater aggression elsewhere later.

The "pro" in "Unprofor" means protection. Some protection. Not that two of the key players in NATO wanted to protect Bosnia from dismemberment. The United States wanted to supply the victims with arms and offer them NATO mainly U.S. - air support. France and Britain put troops in only to facilitate surrender. But if nobody is willing to supply Sarajevo, who will be willing to die for Danzig?

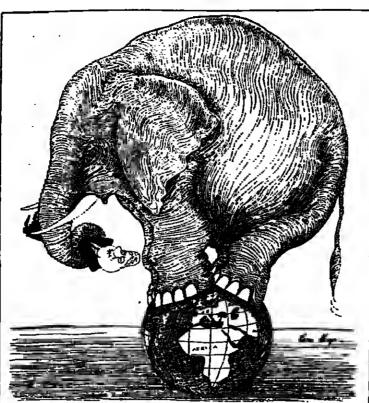
Or Paris, for that matter? France's record includes a preemptive surrender in World War II and a free ride on NATO's back in the Cold War. Britain's reliability has been compromised by a studied spinelessness intended to curry favor with Europhiles. And insular Germany, the real power in Europe, quietly favors belp-

ing us defend Germany.

If America's NATO partners laugh at its leadership in the Balkans, why maintain a major force over there at all? Why promise to participate in a European nuclear war? America's front line is no longer Europe; it is the skies over the United States.

To employ a Franklin Roosevelt metaphor, NATO's failure of nerve in Bosnia shows we have bred military-welfare dependents, who --- as soon as the Communist disease seems cured - throw their crutches at the doctor.

These conflicting weltanschauungen cannot long co-exist in the same head. Not to worry; I will noodle it out and pass along which mindset won. Watch this space. The New York Times.



Over Tokyo the Tail Gun Fell Silent

MELBOURNE — Many Japa-nese believed that they would lose the war after the decisive U.S. naval victory in the battle of Midway Island, in June 1942, ended Japanese expansion into the central Pacific. The capture of Saipan Island hy American forces probably sealed the country's fate.

However, when air raid alarms signaled the first U.S. Superfortress

1944 TOKYO 1994

raid on Tokyo, just over 50 years

tention to, and in the process of paying attention to it, create a self-

fulfilling prophecy - which eventu-ally drew demonstrators to Chicago

for the Democratic convention the

The media endlessly declared the

Yippies and their stunts "quintes-

sential." In collaboration with re-

porters who found them endlessly

fascinating, the never numerous Yippies did capture (indeed "in-

haled") one of the spirits in the air

of those days. But most of that

decade's activists belonged to less

photogenic civil rights, anti-war,

women's and other radical groups.

The writer is author of "The Sixties: Years of Hope, Days of Rage."

TODD GITLIN.

following August.

By Denis Warner

signed to operate at high altitudes and long range. In training, however, the crews had been dogged by engine trouble. Tokyo was more than 1,500 miles (2,400 kilometers) from Saipan. A round trip would take 16 hours.

The island was not an ideal operational base. Only one B-29 could take off or land at a time. Since there would be an interval of one minute between each take off, the bombers

Our B-29 dropped its bombs and swung back toward the sea over Tonese fighters coming up. Fortunately, they were too late. When the captain checked his crew, there was no response from the tail gunner. The co-pilot went back to investi-gate and found him bleeding badly from a head wound. But in rushing to his aid, the co-pilot had forgotten that we had depressurized. While be

12,000 feet, a level at which oxygen would not be needed. A third crew member went back to the tail gunner's compartment and reported that both men were dead or dying, Low on fuel, and having lost valuable gliding altitude that might have helped us in an emergency, we limped back to Saipan. We landed with two dead men and the fuel

from Saipan, only 24 reached Tokyo. Sixty-four turned back. One Tokyo. He contributed this comment.

kaze attack. One ditched and the crew was picked up by a waiting submarine. I am not even sure that the plane I was in hit the target with its bombs. Torao Saito, a noted Japanese war correspondent, and later a close friend, used to claim that his home, a long way from the Nakajima aircraft factory, had been destroyed and that I was responsible!

Successive high-level American bombing raids over Japan were no more successful. Japanese defenses improved. Soon the U.S. 21st Bomber Command was losing an average of five planes of every hundred that went on a raid. It was decided to change from high-altitude bombing

While the high-level attacks had not caused great damage, they had frightened many Japanese. But the moment of real horror for Tokyo came on March 9, 1945.

A gusty wind had been blowing during the day. As darkness fell, it

It was impossible to fight the fires. They raced through the city, often preceded by fireballs that started new blazes and cut off escape routes for those trying to flee. Bomb shelters became death traps. People living near canals leapt into the filthy water, only to die from smoke inhalation and lack of oxygen. Thousands of others drowned in the Sumida River.

About 100,000 residents and seven square miles of Tokyo were dekyo Bay. We could see other Japa- stroyed. But this was just the beginning. From March to mid-April, American fire bombers hurned an estimated 770,000 houses and made million people homeless. With Tokyo in ruins, the B-29s struck at other areas, wrecking the in-dustrial heart of Japan.

Could the fire bombs have ended the war? I doubt it. Despite the incendiary borror, preparations continued for suicidal Japanese resistance to the planned American invasion of Kyushu, the homeland island. That resistance campaign would have made the bloody American landings at Saipan, Tarawa, Peleliu and Iwo Jima seem like Smday-school outings. Only the shock of the U.S. atomic bomb attack on Hiroshima and Nagasaki finally broke Japan's will to fight to the death.

The writer, an Australian war correspondent with U.S. forces in the Pacific, was one of five civilian Journalists to fly on the first B-29 raid on

LETTERS TO THE EDITOR

To Understand Bosnia

Regarding comments by William Pfaff, Flora Lewis and Jeane Kirkpatrick (Opinion, Nov. 25):

These three articles on the former Yugoslavia were remarkable in several points: All displayed a strong anti-Europeanism, a willful misunderstanding of the European role in ex-Yugoslavia, and a mocking of European concerns,

Don't Americans realize that we Europeans do not want our own Viet-nam? Americans should wear their in the UN Charter? Will future genself-righteousness less easily. We Europeans remember that the United States was founded on the "ethnic cleansing" of its previous inhabitants and military land grabs from Mexico.

On this side of the pond we despair when Americans think they know best and try to force their solutions down our throats, insulting us for not taking the medicine. For the sake of trans-Atlantic relations, Americans should try to understand; not mock, threaten and then retreat.

T. G.L. THIRKELL. London.

With the UN Security Council and NATO being held at gunpoint by the Serbs, like grocery clerks who will soon hand over the cash, I find profoundly disturbing the present European strategy aimed at obtain-ing any kind of peace in Bosnia. It appears likely that the European on New Year's Eve, 1967, at which

members of the Security Council will close their eyes to anything, if the Serbs make this problem go away. Unfortunately, some questions of basic bumanity are about to

be brushed under the carpet. Will the effectiveness of the peacekeeping effort in Bosnia be seriously assessed? How much did it cost? Was it worth it?

Will aggression now be recognized as a legitimate means of obtaining land? What about the Bosnierations of Bosnians accept an unjust peace, or will they choose to fight again in 10 or 15 years?

Can we afford to forget the atrocities, the mass rapes, the systematic destruction of a culture? Didn't the world say "Never again" to atrocities committed in the name of ethnic superiority just 50 years ago? Can we afford a peace at all costs in Bosnia?

Strasbourg, France,

In the Yippies' Shadow

Regarding "Jerry Rubin, Fire-brand '60s Radical and Co-Leader of Yippies, Dies at 56" (Nov. 30):

Your obituary of Jerry Rubin repeats the canard that the Yippies were "the quintessential 1960s pro-

Clinton Was the Target

The White House's analysis of the results of the recent congressional elections - that the electorate was fed up with incumbents and not so much with Democrats - is inaccurate. For if it were true, why did not one single Republican incumbent lose? Perhaps the election outcome is more of a referendum on President Bill Clinton than was believed.

FORD ROBERTSON.

Our Newest Chrysler Has A Lot To Live Up To.



ago, the Japanese were gripped by even deeper despair — of the sort that had overtaken their forebears in could not operate in mass formations as the allies did in Europe. The crews were not to have the comfort the previous century, when an American naval squadron dropped of safety in numbers. to low-level fire raids by night. The preraid briefing was not for anchor in Tokyo Bay, to mark the the faint of heart. We were told that start of a painful process of modernfor safety's sake, the planes would ization. On Nov. 24, 1944, 110 B-29 Suhave to detour around all Japanese-Leld islands on the way to the bomeperfortresses took off from Saipan for a high-level daylight bombing raid on Tokyo's Nakajima aircraft land. We were warned of the dangers we might encounter over Japan, of the treatment we might expect if we crashed or landed by parachute in Japan, and of the difficulties of making the long return over water if the aircraft was badly damaged. Submarines had been positioned to factory. The B-29 was a large and sophisticated plane. It had new fuel injection engines specifically derescue crews who came down at sea. We were given their locations. As we approached the target over fewer than a dozen people, includ-Tokyo, the first anti-aircraft fire ing Jerry Ruhin, decided to invent something the media would pay at-

burst well below us. But soon the shells started coming uncomfortably close. Japanese fighters followed. Our tail gunner and a Japanese gun opened fire at the same time. We saw the Japanese plane pull out. But our own gun also stopped suddenly.

was in the tail gunner's bay, his oxygen supply ran out. He ceased to respond over the intercom.

We dropped from 29,000 feet to

tanks showing empty.

Of all the B-29s that had taken off was destroyed in a Japanese kami- to the International Herald Tribune.

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A tall story?

chille L

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I . W UI. . 1:50

42 Nations Heed the Call to Make AIDS Fight a Top Priority By Barry James

ional Heruld Tribune PARIS — Acknowledging that AIDS is a full-hlown social crisis as well as a medical one, 42 nations heeded a "general call to arms" hy the UN secretary-general on Thursday and said they would make fighting the disease a top political priori-

But AIDS activists said the declaration recognizing the disease as "a threat to humanity" fell short on spe-

The declaration, by which the governments represented promised to fight against the "poverty, stigmati-zation and discrimination" that often accompany the disease, was the main achievement of a World AIDS Day

Although the French government

and the World Health Organization, the sponsors of the meeting, invited 42 heads of state, none came, Instead, 13 nations sent prime ministers and 23 others sent cabinet mem-

WHO estimates that 17 million people in the world are seropositive, meaning that they carry the human immunodeficiency virus, or HIV, which causes AIDS.

Half of new infections occur in people under 25, and WHO believes that by the year 2000, 30 million to 40 million will carry the virus. About 4 million people, the UN agency says, suffer from acquired immune-deficiency syndrome, a 60 percent increase in one year.

Butros Butros Ghali, the UN secretary-general, assailed the "serious shortcomings" of the global fight against AIDS and called for greatly increased coordination on the political level.

We are not meeting here in Paris simply to issue a further warning, but to declare a planetary emergency."

Scientists said that a vaccine, even one with limited efficacy, is still many years away and that the best that can be hoped for in the near future are improved therapies that may longer delay the onset of AIDS.

The call to political action was designed to galvanize governments into adopting preventive strategies and to avoid discrimination against AIDS sufferers.

"The policies of the last 10 years have driven most people living with HIV and AIDS underground," said a Jamaican woman using the pseudonym of Yolanda who was representing a group of AIDS activists. "What are you going to do in reality when the ink of your signatures under the declaration has dried up?"

The governments said they would foster education about the disease. which is spread primarily by sexual contact, and promote the use of con-

They pledged to adopt "specific risk-reduction activities" to prevent AIDS among highly jeopardized groups such as drug users and homo-sexuals. And they promised to strengthen international cooperation to ensure the safety of blood products, which are an important factor in the spread of the disease in developing countries.

The governments also promised to "ensure equal protection under the

law for persons living with HI-V/AIDS with regard to access to health care, employment, education, travel, housing and social welfare." Some of the countries that signed the declaration, including the United States and Japan, restrict the entry of people with AIDS.

Officials said they hoped the Paris conference, and a series of follow-up meetings, would help raise con-sciousness. This is vital, they said, because many governments had not realized the global pandemic nature of the disease.

In China, for example, according to Agence France-Presse in Beijing, "official hesitation to tackle issues like sex, homosexuality and drugs has left the vast majority of citizens in the dark about the nature of the disease and its transmission.

Clinton Will Bypass **Congress on Payout** To North Koreans

By R. Jeffrey Smith

Washington Post Service
WASHINGTON — The Clinton administration has decided to finance the initial stage of its nuclear deal with North Korea with about \$5 million in discretionary Defense Department funds already approved by Congress, ducking a possible clash with Republican lawmakers who claim the accord gave too much away.

The strategy effectively gives the administration until next spring to sell skeptical lawmakers on its merits before Congress might be called on to approve further expenditures.

Senior Clinton administranon officials said their strategy reflects their apprehension about the poor reception the deal is getting from influential Republicans.

Neither administration officials nor Republican lawmakers said they expected a concerted effort to undo the accord on apitol Hill. As Ambassadorat-Large Robert L. Gallucci. the chief U.S. negotiator, said of the congressional critics: "They may not find it as win-ning a deal as we do. But they will find it preferable to any alternative.

deck that offered no protection The administration's plan is Italy's Transport minister. aimed partly at keeping some of the most controversial aspects of the nuclear deal off the congressional agenda in coming months, including a promised ject to routine approvinitial lifting of barriers to a few key lawmakers.

American trade and investment with North Korea. That action will be performed by presidential order, and will not be subject to congressional review, according to U.S. officials, who asked not to be named.

"We will not do anything that requires passage of a statute because we cannot assume passage of a statute," a senior administration official said.

The \$5 million Defense Department expenditure is for the shipment to North Korea of an estimated 50,000 tons of heavy oil, which North Korea had demanded as compensation for keeping a nuclear reactor sbut and halting the construction of two new reactors that Washington complained were developed to produce plutonium for nuclear arms.

A separate Department of Energy plan to assist North Korea in improving conditions at a storage pond for the plutonium-laden fuel rods, as the deal requires, will be funded from discretionary Energy Depart-ment accounts, and also will not be subject to congressional review, officials said.

Another \$5 million to \$10 million expenditure by the Energy Department for long-term storage of the rods in North Korea will be reprogrammed next year from funds Congress has already approved, officials said. That would make it subject to routine approval by just

Achille Lauro Drifts in Flames as Ships Collect Its Passengers

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ROME - Listing and scorched after a mysterious fire that turned it into a blackened hulk, the Italian cruise liner Achille Lauro drifted in placid seas in the Indian Ocean on end of the ship. It is still well Thursday as United States above the water but the super-Navy and other vessels rescued almost 1,000 passengers and crew who had first taken refuge

on the flat deck of an oil tanker. But, ornery to the last, the illstarred vessel that had been reported Wednesday night on the brink of sinking was still afloat Thursday evening, apparently because its internal superstructure had collapsed into the hull, providing a kind of ballast to and other rescue ships. stabilize its 20-degree list.

GATT:

of the pact,

Shift on Trade

Continued from Page 1

GATT, which is based in Gene-

va, said the U.S. debate was

"both necessary and desirable"

given the unprecedented scope

The agreement will cut tariffs

by a more than a third, extend

global trade rules to services

and such intellectual property

as movies and software, and es-

tahlish a World Trade Organi-

zation with power to enforce

hose rules for the first time.

U.S. opposition prevented the

establishment of such a power-

ful trade arbitrator 46 years ago

and limited the GATT to a consensnal role, whereby every

erland said, 124 countries have now joined GATT, reflecting

the new-found popularity of

free-market economics in once-closed places like Chile, Mexico

and India Even China and

Russia are knocking on

in many parts of the developing

world in their attitude to free

forces has rebounded with a

vengeance, however. The free

movement of capital and tech-

nological progress, allowing business to produce almost any-

thing anywhere, has made free trade seem like a threat to many

"Competitive pressures are so great that trade has simply

become a focal point for ex-

pressing anger about the struc-tural changes" that have forced

hundreds of thousands of lay-

U.S. representative to the Euro-

pean Union and a key figure in

the trade negotiations last year.

already led the Clinton admin-

the entire Western Hemisphere.

with Mr. Dole for his support of

The deal Mr. Clinton struck

The new trade skepticism has

The triumph of free-market

There has been a sea change

country has a veto.

GATT's door.

trade," he said.

people in the West.

which sent two warships to as- and on the same lifeboats that sist in the rescue operation, said: "The ship is on fire inside. There is smoke from the back structure is completely

charred."

Under a fierce Indian Ocean sun, 150 miles (250 kilometers) off the coast of Somalia, hundreds of passengers — many in nightgowns or evening dress and some of them weeping were ferried to safety Thursday from the deck of the oil tanker Hawaiian King to the American

They made the brief crossing

had taken them there from the Achille Lauro early Wednes-

day.
The ship had been on a cruise from Italy to South Africa, but most of its passengers and crew will now end up on freighters or U.S. warships taking them to dry land in Mombasa, Kenya, Dibouti on the Horn of Africa or the Sevchelles Islands to be flown home.

Of the 979 people on board, two - a Briton and a German - died in the disaster.

The water is calm. It's just the hot sun beating down mer-cilessly on folks," said Com-

Commander T. McCreary, a in calm waters known for their mander McCreary in Dubai as spokesman for the U.S. Navy, sharks aboard U.S. Navy rafts more and more passengers were which sent two warships to as and on the same lifeboats that transferred off the Hawaiian dispute over salvage rights. Two belching smoke and flame from King, where they had spent the

> At sunset Thursday, the Italian coast guard said most rescue vessels had left the area around the Achille Lauro, leaving the liner still smoldering. The drama came as an undig-

> nified end for the 47-year-old ship, whose fortunes had often drawn the wrong kind of celebrity, particularly in 1985 when Palestinian terrorists hijacked it, shot and killed a 69-year-old Jewish hostage, Leon Klingh-offer of New York, and dumped him over the side.

And, even in its throes on

ported heading for the Achille Lauro, and Captain Ferdin-ando Lolli of the Italian coast guard said they might make a bid for salvage of the 23,479ton liner. But the ship's Neapolitan owners, Starlauro, said tugs

dispute over salvage rights. Two

private salvage tugs were re-

from their own company were in the area and might salvage the vessel. The Italian Ministry of Transportation said the vessel

was not technically abandoned because its owners had made clear they wanted to reboard it. United States Navy film

Public Fiori, said the fire may have been started by a discarded cigarette, but there has been

on Thursday from the sun.

no formal investigation.

— BY ALAN COWELL

belching smoke and flame from

its midships to its stern

Wednesday, 12 hours after the

for seven hours before aban-

doning ship. But even then, the

worst was not over because their only place of refuge was

the Panamanian-registered Ha-

waiian King with its long, flat

Passengers waited on deck

fire broke out at 1.30 A.M.

ITALY: Berlusconi and Unions Settle, Averting Strike

Continued from Page 1

my name is Silvio Berlusconi. If it did, it would be a political sentence, a subversive act," Mr. Berlusconi said, once again casting the Milan inquiries as a vendetta against his conservative government.

I have sworn my innocence in a sacred way because I'm convinced of it." he said. "If it was shown I was guilty, I would no longer be able to be prime minister, I would no longer be able to stay in my own country because of the shame."

The Milan magistrates, whose inquiries into Mr. Berlusconi's dealings as head of Fininvest do not imply guilt, hribes allegedly paid to the tax police in 1991 and 1992 in re-Berlusconi has accused the tax

police of extortion. The ruling to shift the case to Brescia brought howls of protest from Mr. Berlusconi's adversaries, who said the decision resembled notorious episodes in Italian legal history when politically-sensitive cases were transferred to backwaters.

"Since then the makeup of the orchestra has changed completely," said Alessandro Galante Garroni, a historian and jurist. "But, it seems, the music is the same,

Antonio Chiappani, one of the Brescia magistrates, said, "I think this is designed to put us in a position where we cannot continue with the inquiry."

The case was transferred after lawyers for a defendant from the tax police said hearings in Milan would not be fair

the magistrates investigate their signed to rebuild Italy's intercolleagues.

Mr. Berlusconi was speaking Thursday after weeks of confrontation with labor unions, who hrought hundreds of thousands of Italians onto the streets and staged a four-hour general strike Oct. 14 to protest proposals for cuts in Italy's gen-

sions system. The unions had threatened an eight-hour stoppage on Fri-day that would have brought also agreed to union demands

erous and indehted state pen-

national economic credibility hy reducing its 1995 hudget deficit to some \$86 billion. Mr. Berlusconi has sought to

trim the deficit by some \$30 billion in part through spending cuts relating to state pensions. In negotiations with union

leaders, the government agreed to soften a proposed freeze on early retirement pensions and to ease proposed penalties for nonpayment of social security the country to a halt. Mr. Ber-lusconi had been holding out form in legislation separate for hudgetary proposals de-from the 1995 hudgetary law.

ered the major controller of ap-

petite. In that way, the fat stores

of the body tell the hrain how

big or small they are, and the

brain can regulate food intake

physiological pathway that con-trols body weight," Dr. Fried-man said, "Each of us has a

"The idea is that there is a

accordingly.

ed from Page 1

to five times the girth of normal mice and that is also subject to diabetes and other disorders. The researchers then used the mouse gene to scan through human DNA, the genetic material. which led them to the human ob

The mouse and human genes are nearly identical, which means that the molecular mechanism for regulating fat storage and appetite has been conserved through tens of millions of years of evolution.

Whether in rodent, human or other mammal, the gene appears to be switched on solely or largely in fat tissue, where it generates a hormone-like protein that is secreted by the fat

cells into the bloodstream. Once in the hlood, the protein is thought to travel up to a region of the brain, called the

certain body weight that usually is stably maintained, and this requires signals to the brain about what you weigh." By this model, a mutant version of the gene would either

fail to make the hormone altogether or would produce too little of it. Thus, the brain would not get the proper message on its adipose status.

Psychologists who study the lives and struggles of fat people in America greeted the new work with enthusiasm, declaring that it could help those of because other members of the ventromedial nucleus of the hysame tax police unit are helping pothalamus, which is consid-

In the Bihac pocket, UN offiet and well within the Scrb-held meet with Mr. Butros Ghali. cials said the town of Bihac it-The United Nations is strivself was comparatively quiet area of Croana, there were no signs of large-scale troop move-ing to obtain a cease-fire for the Thursday, with intermittent

A Bosnian Serbian soldier guarding hundreds of troops from the mostly Muslim Bosnian Army captured near Bihac.

BOSNIA: Bihac Crisis Set Off Battle Between Croatia and Its Rebel Serbs

Continued from Page 1

atia said this week that Zagreb had been ready to go to war against the Krajina Serbs more than a week ago, but had been restrained by heavy U.S. pres-

[Mr. Susak said again Thursday that if Croatia believed Bihac was about to fall to Serb forces, it would intervene, Reuters reported.]

Certainly, there could scarceoffs at big American companies, said Stuart Eizenstat, the ly be a better political or military moment than now for the Croats to make a move: The Krajina Serbs are stretched on the Bihac front, and the international community would be hard-pressed to crinicize a Zagreb offensive after the Serbs' istration to effectively shelve talk of expanding the North American Free Trade Area to recent cross-border assault on

the western outskirts of Bihac. A return of the war between Croatia and its rebel Serbs would escalate the current border conflict and shatter already strained attempts to bring peace to the region.
But UN military observers

said there had been no particular movement or massing of Croatian troops in the last day and denied rumors that government forces had moved over the confrontation line south of Knin and embarked on an of-

Here in Topusko, a few kilo-

meters north of the Bihac pock- dovan Karadzic, refused to ments or unusual tension.

leader of the Bosnian Serbs, Ra- the blip assault.

official in the former Yugosla- three months. The Serbs want a via is to visit Sarajevo on Fri- longer cease-fire that might day in an attempt to revive talks serve to consolidate their hold on a Bosnian cease-fire after the on 70 percent of Bosnia; the fiasco of Secretary-General Bu- Muslim-led government forces tros Butroa Ghali's visit want a limited cease-fire that Wednesday to the capital. The would offer them a respite from

Bihac pocket and Bosnia as a. small-arms and heavy machine-Yasushi Akashi, the top UN whole that would last at least gun fire. In Velika Kladusa, in the

north of the pocket, there was intense fighting as Croatian Serbs supported by Muslims who oppose the Sarajevo government of President Alija Izetbegovic tightened their noose on the town.

Political Quandary for Kohl: NATO Requests German Pilots liberal opposition said it op-The Associated Press

BONN - NATO asked Ger-

many on Thursday to send fighter planes to patrol the skies over Bosnia in a mission that would place the German military in a combat role for the first time since World War II. Defense Minister Volker Rühe said Germany must take on the mission, but the foreign minister, Klaus Kinkel, raised doubts about it.

posed any combat role in the Olympia Press Ralkans. Germany has shied from di-

rect involvement in Bosnia- £20. Hutchinson. Herzegovina because of the history of Nazi atrocities in the PARIS INTERZONE: former Yugoslavia and ann- Richard Wright, Lolita, Bo-German sentiment among many Serbs. But Germany's credibility in Left Bank 1946-1960

the North Atlantic Treaty Organization could be threatened If Chancellor Helmut Kohl if it refuses the mission, given decides to accept, it could mean Mr. Kohl's repeated assertions a bruising battle in the new Parthat his nation must bear its liament, where Mr. Kohl holds share of peacekeeping responsithe narrowest of majorities. The hilities.

THE GOOD SHIP VENUS: The Erotic Voyage of the

By James Campbell. 305 pages. £20. Secker & Warburg.

HERE seems to be an un-L quenchable thirst in the publishing world for stories about Paris when it was cheap and literary expatriates could spend all day writing in cafés.

the Olympia Press and its legend-in-his-own-time founder. Maurice Girodias, is less romantic than many of these books, though it serves up its share of nostalgia for cold garrets and smelly staircases. He concentrates, interestingly, on the good books that Girodias published, and on how sorry most of the authors were they had ever heard of him.

BOOKS group, named after the review edited by the Scot Alexander Trocchi, and on the betterheeled Paris Review crowd.

John de St. Jorre's is the better

book, more thoroughly re-

searched and more focused. Campbell's approach at times seems scattershot and cliched, but be offers interesting insights into the experience of black Americans, who came to Paris for vastly different reasons than white writers, and were received differently — not only Wright but also Chester Himes and James Baldwin. These are two books by Britons that rely heavily on the testimony of American writers and their friends, and now and then something seems

lost in translation. Maurice Girodias was the son of Jack Kahane, the Parisbased English publisher whose Obelisk Press published Henry Miller, Anais Nin and Lawrence Durrell. Girodias launched Les Editions du Chêne and then the Olympia Press just before the war. According to de St. Jorre, he published some Pétainist pamphlets and seems to have found a modus vivendi with the Germans despite the fact that his father was Jewish (Girodias took his mother's name).

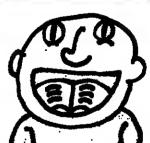
He went on to publish what James Campbell's look at he famously called DBs, for dirty books, quickies written mostly by various expats. One of those DBs, "Candy," by Ter-ry Southern and Mason Hoffenberg, became a big success, and the subject of one of Giroers loosely known as the Merlin dias's many long legal battles.

• Frank Wössner, a member of the board of directors of Ber-

(Brandon Mitchener, IHT)

WHAT THEY'RE READING

telsmann AG, is reading John Grisham's "The Chamber. The story is interesting and want to improve my English. Grisham is thrilling without necessarily being easy reading."



censorship laws and had a vague reputation as an avantgardist, he also found himself on the receiving end of a few good books that couldn't find publishers, notably J. P. Donleavy's "The Ginger Man" and Vladimir Nabokov's "Lohta." He was often in trouble with the Paris vice squad, and amusingly fearless about lighting back. His fortunes went up and down. After making a considerable amount of money from "Lolita." he opened night spots in Paris where he held court until. predictably, he went bankrupt.

Later, he moved to the United States, where he kept in touch with the outrageous by publishing Valerie Solanas, who would get her 15 minutes by shooting Andy Warhol. But Girodias's time had passed with censorship. He died in 1990, at the age of 71.

Girodias, like a lot of publishers, tended to see words as cheap and authors as nuisances, until

Because Girodias took on the words gained some indepen-ensorship laws and had a dent success. Both the Donleavy and the Nabokov cases were classic Girodias legal tangles, which de SL Jorre retells extensively - sometimes too extensively - and Campbell more quickly.

De St. Jorre's book received advance publicity after The New Yorker published the chapter dealing with "Story of O," the sadomasochism "classic" pseudonymously printed by the French publisher Jean-Jacques Pauvert and subsequently, in a bad English translation, by Girodias.

The New Yorker played up the "unmasking" of Dominique Aury, the French journalist who wrote "Story of O." even though de St. Jorre himself admits in the book that her authorship was an open secret in French publishing circles. John de St. Jorre's coup is to have interviewed her, and told the story so well

the GATT agreement also poses a threat to the World Trade Organization, said Vincent Cable of the Royal Institute of International Affairs in London. The deal will set up a panel of retired U.S. judges to review World Trade Organizano rulings, and will allow Congress to pull out of the organization if the panel finds three

NATO: Russia Refuses to Approve Special Ties but U.S. Plays Down Move Continued from Page 1

rulings in a five-year period to

ing it was limited by United Nations dic-

Secretary of State Warren M. Christopher, at a separate news conference later, suggested that future security arrangements would better handle conflicts like

the one in Bosnia. "Bosnia was certainly on our minds today, but we really addressed the future of

NATO," he said. Bosnia, where troops from NATO members Britain, France, Spain and Canada serve as UN peacekeepers, was only a subject of a luncheon discussion, and barely raised during the formal morning and

afternoon meetings. Out of 20 items on a final communique, Bosnia was No. 18, just ahead to attaching importance to developments around the Mediterranean. NATO called for a cease-Mediterraneau No. 10 which like Russ which like Russ which like Russ which like Russ invited to join.

Serbs to release UN personnel they are NATO will study the costs and obligations holding as virtual hostages.

Unwillingness to put NATO's full force into Bosnia is not new, but the eagerness to put the issue aside undercut the day's official message that even after the Cold War. NATO is still important and the key to European security.

The main business of the day, NATO and U.S. officials said, was an agreement on steps toward NATO expansion. The group said it would define the minimum membership requirements for countries in East Europe who want to be covered by the alliance's security blanket.

The decision was heavily weighted with caution. It stopped short of guaranteeing membership once the conditions were fulfilled and effectively delays for at least a year and probably much the controversial decision of just who will get in and when

for membership and present them to prospective members, notably Poland, Hungary and the Czech Republic. The alliance appeared to be wary of

offending Russia, which opposes inclusion

of any former Soviet satellite. Mr. Kozyrev

was unimpressed. Arriving after the NATO meeting, he expressed surprise at the decision to study expansion. Mr. Christopher and other NATO ministers assured Mr. Kozyrev that no recruitment of new members would take place in 1995 and that even afterward, movement

to expansion would take time. Mr. Kozyrev was supposed to formally enter Moscow in activines of the Partnership for Peace, a program designed to prepare potential members of NATO and to stay in contact with other countries, which like Russia, will probably never be the Olympia Press, on the writ-

By John de St. Jorre. 332 pages.

ris Vian and Others on the

Reviewed by Katherine Knorr

John de St. Jorre's history of

Paris in the 1950s focuses partly on black American exiles and bow they connected with the French, notably Boris Vian and Jean-Paul Sartre. The two books intersect on the history of By Bruce Edward Hall

ONG KONG — History can be elusive in Hong Kong, Vestiges of the old city are fast disappearing under layers of concrete and high-rises. Ironically, it is in the New Territories, the modern suburbs of Hong Kong, that the visitor will find a portion of the past intact, within the two walled villages of Sam Tung Uk and Kat Hing Wai.

Built by Hakka farmers during the peri-od of lawlessness that marked the end of the Ming Dynasty, these fortresslike com-pounds functioned as a cross between casiles and medieval European towns. Such fortified villages, once common throughout the region, actually resembled large, sprawling houses, with streets as narrow as corridors. Covering an area roughly the size of a city block, the complex of several dozen tiny homes - each little more than one big room - provided shelter for the extended generations of a family clan, often numbering in the hundreds. Each village was surrounded by a thick masonry defensive wall and sometimes a moat, beyond which were fields and fish ponds.

Sam Tung Uk has been restored and is now a museum in the suburb of Tsuen Wan. My parents and I took the Mass Transit Railway, Hong Kong's clean, efficient subway, from Kowloon, although we could also have taken a Hovercraft from the central terminal downtown. After the 20-minnte ride to Tsuen Wan, the last stop on the line, our hearts sank a little when we got off the train, for it is a rather ugly suburb - all poured concrete and highway overpasses. Following the signs to the museum, however, we walked just one block before coming to the ornately carved wood-

Sam Tung Uk was constructed in 1786 by the Chan family, farmers who had originally emigrated from Fujian province on China's southeastern coast. It is a single-story structure, low and square, its white-washed walls surmounted by a simple tiled roof. Off to the right is a small fish pond and a sliver of farm field, preserved to give a taste of what life was like before urbanization.

We just wandered in, and found ourselves at the head of the central axis of three community halls once used by the villagers. (Sam Tung Uk means three-row or threebeam dwelling, which describes the config-uration of the three halls, one behind the other.) The first, now empty, had been used for the storage of carts and sedan chairs. A tiny courtyard separates it from the central banquet room, still decorated with a huge red silk lantern whose tassels hang more than halfway to the floor. Beyond that is another tiny courtyard and then the heart

IBAR TIIS

Buyers at a London auction bid £150,000 for 1,000 old Underground signs, including good old Piccadilly Circus but also, Reuters tells us, Ladies and Gents. What will the collectibles market of the future be like? How much for hand-lettered signs "Out-of-Order" and "No Change"?

en gate of Sam Tung Uk, an amazing of the complex, the ancestors' hall, used for survivor of the region's rural past.

of the complex, the ancestors' hall, used for and silent, and, as anyone who has ever ancestral worship. Its bright red and green visited a crowded Chinese neighborhood altar is surmounted by a fantastically painted arch on which a brilliant sun is flanked by golden phoenixes lounging among azure clouds, and glittering birds flutter around blue and pink flowers. Placards with poems extolling ancestors' virtues adom the

> Off the central axis, down five-foot-wide (1.5-meter) "streets," are the former homes of the residents — each one of simple stucco, devoid of ornamentation, with a tile roof and tiny courtyard. Furnished and decorated in several different styles according to the owner's social status (the size of the house varied with one's status as well), some have teakwood chairs, chests and elaborately carved wedding beds. Others are full of bamboo mats and farm implements. Every house has its restored kitchen, with a large wooden steamer sitting on top of a brick stove. Each little entrance court contains a small decorative pool.

torical exhibit; the one we saw was devoted to the role of women in traditional Chinese society. A book and gift shop has an Eng-lish-speaking staff on hand to answer questions, all the more attentive as we were the only tourists there. There is also a permanent display documenting the restoration of the village. A startling aerial photograph shows Sam Tung Uk in the early 1970s. while the Chans were still in residence and farming the fields that stretched in every direction. Now, barely 20 years later, the village is surrounded by high-rise buildings. After selling off the fields that afforded their traditional way of life, the Chan family moved out, and their home was opened to the public in 1981. Now, all is pristine

In one row of houses is a changing his-

can attest, unnaturally orderly.

Our second destination, the town of Kam Tin, was a simple trip once we managed to find the No. 51 bus, which stops on the roof of the Tsuen Wan train station. Firmly enscouced on the upper level of this double-decker, we spent 45 minutes careering up and over the mountains of the New Territories and some of the prettiest countryside to be seen around Hong Kong. Even Tsuen Wan looked picturesque, bristling out of its valley, contained by slopes too steep to build on.

Kam Tin is the last stop, a small garri-son town full of Nepalese Gurkha troops, pokey little shops and Indian restaurants. After a couple of quick plates of carry, we wandered down the road and, opposite the Park 'n' Shop, found the walled village of Kat Hing Wai.

Though it shares its basic form with Sam Tung Uk, Kat Hing Wai is crowded and worn. Ivy and moss sprout from the brooding dark gray 20-foot stone walls. A most, filled with water lilies, is bright green with algae. The compound is still home to several hundred members of the Tang clan, who migrated to the area from central and southern China 1,000 years ago, building this village in the early 17th century.

A small iron-grill gate in the ancient wall opens into a common room, originally intended for farmers' carts but now containing a couple of motor scooters, which leads to the long main passageway to the ances-tral hall. Noise from cutthroat mah-jongg games drifts over from the houses. Some have no windows, just wooden accordion doors across the front, closed at night and wide open during the day. Cooking smells

hang in the air. The tiny three- or four-footwide streets are crammed with lines of laundry and tables covered with souvenirs to buy. Somehow, small children find room to ride their bicycles, single file.

Some houses double as stores as well as dwellings, but none has been restored. Indeed, in some places the simple brick houses with tile roofs have been replaced with new three-story concrete homes one room per floor - a testament to Hong

Kong's aggressive prosperity.

The old ancestral hall has incense smoldering in its shrine, the ashes of paper money burned to support forebears in heaven lying in little heaps on the pavement in front of its weathered, but exquisitely carved altar. Unlike the restored shrine at Sam Tung Uk, this one is striking because of its pating of age — with faded bues of red, gold and green, banners embroidered with flowers and, the day we were there, a tall tree fashioned from paper flowers and streamers, left over from a recent festival.

Lived in it is, but Kam Tin is also a recognized, albeit infrequently visited tourist destination, and the arrival of a group of Americans with a camera created a considerable commotion. Old Hakka women rushed to sell us trinkets and pose for pictures, demanding money for each pose. Like Sam Tung Uk, the village is a

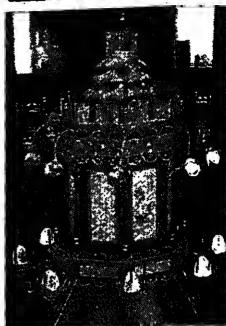
shadow of its former self, but still an interesting contrast with the bustling sophistication of Hong Kong. Bruce Edward Hall, who has traveled

extensively in China, wrote this for The New

York Times. Silk lantern in the museum village of Sam Tung Uk.









From left, William J. Kasey Jr., Richard Attenborough and Dylan McDermott in "Miracle on 34th Street."

Miracle on 34th Street

Directed by Les Mayfield.

The new "Miracle on 34th Street" is a dull project that makes only cosmetic changes in the original. It loses the warmth and nostalgia of the 1947 movie, but is too timid to give the story the sharp, contemporary spin it needs. "Miracle on 34th Street" is almost saved by the appeal of two stars: As Kriss Kringle, Richard Attenborough is miraculously convincing, and as Susan, Mara Wilson is a wise child on the surface but still a wide-eyed little girl eager to believe in Santa.

(Caryn James, NYT)

TIE

Directed by Andrez Wajda.

Japan Nearly a decade ago Andrez Wajda went to Japan and directed a play staring Japan's leading ownagata, Tamasa-buro Bando. Based on Dostoyevsky's "The Idiot," it had its leading actor playing both Myshikin and Nastassia, availing itself of only those scenes with the both of them and Rogozhin. The result was curious, a slim entertainment enlivened by very fast costume changes. It is now a full-length movie, made in Japanese in Krakow, Poland, and the Warsawa studios. and the results are even more curious. Always an actor's ve-

hicle, the play has on the screen become ever more actorly - particularly so in that Waida, not knowing the language his film speaks, lets Ta-masaburo and Toshiyuki Nagashima shape their own performances. On the stage the resulting overacting was part of a grand Russian-Japanese tradition. On film, however, it is something different. Nagashima, a screen and Shingeki actor, chews up all the scenery in sight, yet the Kabuki-star Tamasaburo now manages to achieve a certain intensity by underplaying the prince and letting the costume speak for the

fore been seen and probably will never again. (Donald Richie, IHT)

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CZECK CO-CAL.

Directed by David Mamet.

In "Oleanna," David Mamet's incendiary play about sexual harassment, a college student and her professor pace around his office hurlmg words at each other, actions that inspired knockdown-drag-out verbal fights in theater lobbies when the play was first produced. Now this faithful, flat-footed screen version offers a reminder that "Oleanna" was

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(Caryn James, NYT)

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AUSTRIA

Patais Liechtenstein, tel: (1) 317-6900, closed Mondays. To Jan. 8: "Hubert Schmalix." Tha Austrian artist is a representative of the New Painting of the late 1970s and '80s. His subjects include nudes, houses and figures of Christ.

BELGIUM

Antwerp
Musée Plantin-Moretus, tel: (33)
02-94, open daily. Continuing/To
Dec. 31: "Anvers: Centre Typographique Dissident." Documents the
role of Antwerp printers in the 16thcentury English religious warfare between Profestants and Catholics.

Hydronesis and Catholics.

Brussels
La Monnale, tel: (2) 218-12-11.

"Cost Fan Tutte." directed by Luc Bondy, conducted by Paul Daniel, with Joan Rodgers/Solveig Kringelborn and Monics Bacelli/Deborah Beronesi, Dec. 13, 14, 16, 17, 18 and 20.

Musée d'Art Ancien, tel: (2) 508-32-11, closed Mondays. To Feb. 12: "De Vouet a David." 17th- and 18thcentury French paintings, usually kept in the reserves of the museum. Includes paintings by Simon Vouet, Philippe de Champalgne, Greuze and David, among others.

BRITAIN

British Museum, tel: (71) 323-8525, open daily. Continuing/To Jan. 8: "Pra-Raphaetite Drawings." 120 drawings by Dante Gabriel Rossetti, John Millais and William Holman Hunt, among others. Hayward Gallery, tel: (71) 928-3144, open daily. Continuing/To Jan. 8: "The Romantic Spirit in German Art 1790-1990,"

CANADA

Montreal
Musée des Beaux-Arts, tel: (514)
285-16-00, closed Mondays. To Jan.
15: "Alex Colville: Peintures, Estampes et Processus Creatifs, 1983-1994." More than 20 paintings, 10 engravings and 340 drawings.

Musée du Québec, tel: (418) 643-2150, closed Mondays, To Jan. 8: "Alexander Calder: L'imaginaire et l'Equilibre." 55 works by Calder from the Whitney Museum of American Art

Art Gallery of Ontario, tel: (416) 977-0414, closed Tuesdays, Continuing/Tn Dec. 31: "From Cezanne to Matisse: Great French Paintings from the Barnes Foundation."

CZECH REPUBLIC

Convent of St. Agnes of Bohemia, [el: (2) 24-81-06-28, closed Mon-cays. To Jan. 29; "Felicien Rops." A collection of 80 works by the 19th-century Belgian artist, who settled In Parts in the mid-1870s and maintained close contacts with the French Symbolists and Decadents.

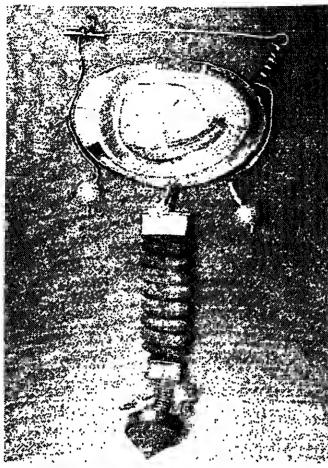
DENHARK

Louisiana Museum for Moderne Kunst, tel: 42-19-07-19, open daily. Continuing/To Feb. 5: "Toulouse-Lautrec and Paris." Approximately 70 paintings, 30 drawings and 100 graphic works from the time the artist spent in Paris from 1890 until his death in 1901.

Musée des Beaux-Arts, tel: 78-28-07-66, closed Mondays and Tues-days. Continuing/To Dec. 18: "Maunce Denis, 1870-1943."

Paris
Centre Georges Pompidou, tel: (1)
44-78-40-86, closed Tuesdays. To
Feb. 1995: "Kurt Schwitters." 300
paintings, collages, sculptures, typographical works and poems created
between 1910 and 1947 by the German artist (1887-1948). Born in
Hanover, exiled to Great Britain,
Schwitters'a work reflects the various
avant-parrie movements until the late Hanover, exiled to Great Britain, Schwitters's work reflects the various avant-garde movements until the late 1940s.

Grand Palais, tel: (1) 44-13-17-17, Works of the French painter, who



A brooch designed by William Harper in 1977, in a show at the Stedelijk Museum in Amsterdam.

ISRAEL

Padua

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Queen's sandals.

JAPAN

Tokyo

started as a Cubist after meeting with Gris and Delaunay, then turned to painting from nature in the 1920s. After World War It, Hayden's style

evolved toward a combination Cubist and Realist principles,

Palazzo Ruspoll, tel: (6) 663-21-77, open daily. Continuing/To Feb. 19: "Nertertarl: Light of Egypt." A

commemoration of the discovery of Nerferier's tomb in 1904, and a mb-ute to Ramses II's tavorite wite. Fea-tures 130 objects, including amules tuberary statuettes, jewels and the

Kasama, Ibaraki Prefecture Kasama Nichido Museum of Art, let (296) 72-2160, closed Mondays. To Dec. 25: "Raoul Dufy." 120 works by the French artist.

Tokyo
Bunkamura Museum, tel: (3) 34779252, open daily. To Dec. 25: "European Modern Palntings." 80 works
by European palmers.
Ueno Royal Museum, tel: (3) 38334191. To Dec. 24: "The Unknown
Modiglian!." Drawings by Italian artist
Amedeo Modigliani from 1906 to
1924, until now the most obscure
period in his life.

closed Tuesdays, Continuing/To Jan. 9: "Gustave Callebotte, 1848-1894." Also, to Jan. 2: "Nicolas

Hôtel de la Monnaie, tel: 40-46-56-66, ctosed Mondays, Continu-ing/To Jan, 8: "Voltaire et l'Europe." Mémorial du Martyr Juif Inconnu, tel: (1) 42-77-44-72, closed Satur-days, To Jan, 5: "Le Sauvetage des Julis du Danemark." Judy Ellis Glick-man's photographs document German operations in Denmark during World War II and the flight of 7,000 Danish Jews to Sweden with the help

Danish Jews to sweden with the help of Danish resistants. Musée d'Art Moderne, tel: (1) 47-23-61-27, closed Mondays. Contin-uing/To March 19: "Andre Derain, 1880-1954: Le Peintre du Trouble Moderne." A retrospective of the works of the Fauve painter. Musée Rodin, tel: (1) 44-18-61-10, closed Mondays, Continuing/Tra Jan. 8: "Dessins de Zadkine."

Kunst- und Ausstellungshelle der Bundesrepublic Deutschland, 1el: (228) 9171-200, closed Mondays. To Feb. 26: "Wunderkammer des Abendiands," A journey through tha history of European museums and collections. Features 2,000 objects, from the Renaissance to the Surrealist exhibitions of the 1930s, collected by Europeans and now belonging to Scandinavian museums and private

Stadtische Kunsthalle, tel: (211) 899-6240, closed Mondays. To Jan. 29: "Johann Gottfried Schadow und die Kunst seiner Zeit." More than 50 sculptures, 15 portraits and 60 works

sculptures, 15 portraits and 60 works on paper by the Neo-classic German artist, whose well-known Quadriga tops the Brandenburg gate in Berlin. Stuttgart
Statistheater, tel: (711) 2-03-20. In the Kammertheater, Kurt Weill's "Der Jasager" and Reiner Bredemeyer's "Der Neinsager." Directed by Maxim Dessau, conducted by Cornalis Witthoefft. Dec. 2 (premiere), 3, 6, 7 and 9.

IRELAND

THE NETHERLANDS

Stedelijk Museum, tel: (20) 5732-911, open daily. Tn Jan. 8: "Jewelry, 1964-1994: A Selection from the Colrection of Helen Drutt." Modern jew-elry dating from the 1960s when art-ists departed from the traditional materials and designs.

Rijksmuseum, tel: (20) 6-79-81-46, closed Mondays. To Feb. 26: "The Art of Devotion, 1300-1500." Features 50 medieval objects of private devotion, such as paintings, mintatures, prints, wood carvings. Among the artists represented, ara Mantegna and Memting.

Barcelona Fundació La Caixa, lei: (3) 404-6073, closed Mondays. To Jan. 22: "Kandinsky/Mondrian: Dos Ca-minos hacia la Abstraccion." Documents the parallels and differences between the two painters in their ear-ly phases. Both stande as tigurative painters although Kandinsky later de-veloped an abstract style while Monvenoped an abstract style write Mondrian adopted a geometric idiom.
Fundació Antont Tapies, tel: (3)
487-0315, To Jan. 29: "In the Spirit
of Fluxus." An overview of the 1962
movement that united avant-garde
artists, writers, composers and filmmekers to Europe and later in the United States. Documents the development of Performance art, minimalism and Conceptual art.

Madrid Museo Thyssen-Bornemisza, tel: (91) 369-0151, closed Mondays. Tn Feb. 12; "El Siglo de Oro del Paisaje Holandes." More than 70 Dutch paintings from the 16th and 17th cen-turies, including works by Rem-brandt, Ruysdael, Meindert Hobberna

SWEDEN

Gothenburg
Eriksbergshallen, tel: (31) 779-1111, open daily. To Feb, 19: "Leonardo da Vinci: Universal Genius," Drawings, menuscripts and paintings document the life and work of Leonardo da Vinci, including models of a bridge, a parachute, e tank and a stamping machine made exactly to the specifications of the Renaissance

SWITZERLAND

Israel Museum, tel: (2) 708-811, open daily. Continuing/To Jan. 9: "Camilile Pissarro: Impressionist Innovator." A retrospective of 125 oil paintings by the French Impressionist. iseo Cantonale d'Arte, tel: (91) 22-93-56, closed Mondays, To Feb.
28: "Domenico Trezzini and the
Building of St. Petersburg," More
than 200 paintings, drawings, models, and art objects document the
work of the Italian architect who laid
plans for Peter the Great's city early
in the 18th century. Padua
Palazzo della Ragione, tel: (49)
820-5006, open daily. To Dec. 26:
"Luca Carlevans a la Veduta Veneziana del Settecento." Nearly 100
works by the Venetian painter and
elcher who painted scenes of Venice.
Also features paintings by Canaletto
and Guard. in the 18th century.

UNITED STATES

Chicago
Art Institute, tel: (312) 443-3600, open daily. To Jan. 15: "Glad Tidings of Great Joy." 15 medieval, Renaissance, and Baroque works of art from the institute's permanent collection to tell the Christmas story.

Houston The Menii Collection, 1el: (713) 525-9400, closed Mondays and Museo Correr, tel: (41) 940-200. open daily. Continuing/To Dec. 11: "Impressionismo & Neompressionismi: Donne e Paesaggi dal Petit Palais di Ginevra." To works representing women and landscapes. Includes works by Fantin-Latour, Caillebotte, Degas, Kisting and Foujita, as well as a bronze by Gauguin. "Colonial Masterpieces from Boliv-

Los Angeles
County Museum of Art, tel: (213)
857-6522, closed Mondays and
Tuesdays. To Jan. 22: "The Peacetul
Liberators: Jain Art from India." 150
sculptures, textiles, monumental
paintings on cloth, illuminated manuscripts and symbolic objects document the relationship between Jainlsm and the Hindu and Buddhist
traditions.

New York

Cooper-Hewitt Museum, tel: (212) 860-6894, closed Mondays. Tn Feb. 26: "Good Offices and Beyond: The Evolution of the Workplace." Explores the major themes in the office environ-ment — the management of time, numbers, paper and information. Metropolitan Museum of Art, tel: (212) 570-3791, closed Mondays. To Feb. 26: "Thomas Eakins and the Metropolitan Museum of Art." Paintings, watercolors end drewlings showing the museum's continuing interest in the American painter's work.

Dining Out (at Home) in Elegance

By Patricia Wells International Herald Teshung

ARIS - It's a Parisian fashion that has grown slowly but surely over the past few years and a trend that will certainly mark the 1990s: Casual restaurants designed and decorated to make you feel as though you're enjoying the meal in your own

Gone are the nostalgic red-and-white checkered tablecloths, heavy carafes of wine, thick institutional china. Instead, we see crisp and seamless white linen, sparkling silver plate and thick carpets on the floor. Inevitably, the room has a distinct "designer" look, but one in which we might easily see ourselves lounging.

The latest in the crop of "restaurants at home" is the newly redecorated Les Allobroges, a truly charming, elegantly com-fortable spot in Paris's 20th arrondisse-ment, not far from Nation. Here, 38-yearold chef Olivier Pateyron and his wife, Annette, entertain a mixed group of Parisian diners, offering a homey, straightforward, satisfying sort of bistro cuisine. Chef Patevron is e talent, and though elements of his cooking are still rough around the edges, I think it's safe to say that his is a name that will be heard quietly around Paris for years to come.

The Pateyrons seem to have done their homework, giving the dining public what

they seem to want today: a luxury look at casual dining prices. So rather than going for a faux-bistro look, they opted for a modern, pastel-toned amhience, with tweedy green carpets, lovely milky-white light fixtures that shed a soft and flattering glow, nicely framed prints of fish, vegetables and fruit on the walls. The two small dining rooms hold just 30 diners.

The honorable menu offers veritable hargains, with an 81-franc (\$15) menu that includes starters such as soup or a meat terrine, then the plat du jour, which might include a salt-cod brandade, tête de year, or beef with carrots.

I'm a pushover for an immense mixed salad, perfectly dressed, and Pateyron won my heart with his gigantic tumble of greens that included radicchio, lamb's lettuce, curly endive, chervil, tarragon and dill all masterfully tossed with a Banyuls vinegar dressing.

lt's been years since I've seen a menu offering souris d'agneau, that tiny, meaty muscle attached to the tip of the bone of the leg of lamb. Pateyron has made it his specialty, and well he should. He braises the dense, chewy meat for four hours, until it's pleasantly tender and the thin layer of fat surrounding the muscle turns a deep, rich mahogany. (I only wish he would be less timid with his seasoning: e dusting of sea salt, a turn of the pepper mill just before serving would elevate the dish to even greater heights.) The lamh is well accompanied by a mound of sweet, soft cloves of garlic roasted in their skin.

Equally good -- and equally under-seasoned — is exemplary roast Bresse chicken, which arrives steaming, golden and moist, accompanied by a good potato gratin.

Less appealing was his first course offering of ratatouille and langoustines cooked and served in their shells, a combination that's neither obvious nor worth repeating. The two have nothing in common gustatorially or historically, and I have a hard time imagining that the chef ever ete this dish himself with satisfection. The langoustines — neither best quality nor at the peak of freshness — were simply plopped atop a bed of ratatouille, making for an obviously awkward eating experience. His desserts also underwhelesed whelmed: an overly sweet pineapple gratin and a banal, unmemorable rendition of the ubiquitous nougat glace.

One could make a meal of the extraordinarily crisp and chewy rolls, and while the wine list is tiny, it includes some wellpriced selections, including a vigorous 1988 Saint Joseph full of flavor and character, from the vineyards of Pascal Perrier.

The Pateyrons seem to have a real talent for caring about what they do. They make an effort, it shows, and they're sure to be

Les Allobroges, 71 Rue des Grands-Champs, Paris 20; tel: 43.73.40.00. Closed Sunday and Monday. Credit card: Visa. Menus at 81 and 150 francs; à la carte, 200 francs, including service but not wine.

It's That Time: The Gift of Music

By Mike Zwerin International Herald Tribune

IME again to spend lots of money to prove how much you love your friends and family. Ho-ho-

• BOOTSY COLLINS, "Back in the Day . . . Best Of" (Warner Archives): Groove is bassist William (Bootsie) Collins's specialty. He played key roles in the building of funky foundations for the bands of James Brown (the JBs) and George Clinton (P-Funk). Here he stretches out with his own, Bootsy's Rub-

• JOHN HIATT, "Comes Alive at Budokan" (Polydor): From these Japanese concert performances of his finest songs we are reminded of how much Hiatt had to do with the blurring of the line between rock and country. Duke Ellington said there are only two kinds of music, good and bad. It bears repetition.

 GINGER BAKER, "Going Back Home" (Atlantic): The ex-Cream drummer pays homage to Baby Dodds, Big Sid Catlett, Art Blakey and other of his early jazz beroes. Harmony, melody and thythm are equal partners in this trio's delicate dance, this is not exactly a "drum-mer's record" (Bill Frisell, guitar, Charlie

Haden, bass).

● PRINCE, "The Black Album" (WB): The Prince album for people who suspect that there is something wrong with them because they don't like Prince. This is what it should be all the time. You hear the Prince Miles Davis liked, Called too dark and complex to be commercial, the project was aborted by the Purple One in 1987 after a "dark night of the soul," including intimations of his own mortality. Pirated right and left since, it's never before been legally released. A sticker proclaims "legendary" and a "limited edi-

• HELEN MERRILL, "Brownie" (Gitanes Jazz): A jazz singer with a great track record and a good shot at winning today's race too salutes trumpeter Clifford Brown, who became e legend when he died in a car crash at the age of 26. Superior performances of classics ("I Re-member Clifford") by Merrill's bevy of

FORTE





Cannonball Adderley (left), Ginger Baker (top right) and Bootsy Collins.

Brown disciples — Roy Hargrove, Wallace Roney, Lew Soloff and, a cut above them all, Tom Harrell ("Joy Spring").

STING, "Fields of Gold . . . The Best Of" (A&M): You often hear good-old-days pop crooners bewail the lack of quality contemporary songwriters. Steer them to Sting. "Fragile" and "Moon Over Bourbon Street" are standards by any standard.

standard. CANNONBALL ADDERLEY. "Jazzmasters 31" (Verve): Altoman Adderly has been called "a happy man in an angry time." Hets off to Joe Goldberg. whose cultured selection and sequencing of a variety of 1950s takes adds up to illustrate what Nat Adderley meant when he said that his brother was "the epitome

of what could have been."

• CHET BAKER, "Jazzmasters 32" (Verve): Singing and playing with all-stars and unknowns in ensembles small and large spanning three decades, the master of understatement never raises his voice.

And another hat off to another great selector and sequencer. Harold Danko. The programmers of this Verve series take disk jockeying up a notch.

• THE STAMP COLLECTION,

(Sony/France): A new popularly priced collection (94 francs, or about \$17, per package) of 2-CD box sets converted from package) of 2-CD box sets converted from mythic rock LPs by people like Sly and the Family Stone ("Stand" and "There's a Riot Going On"), Janis Joplin (with Big Brother and the Holding Company), Stevie Ray Vaughan, Muddy Waters and Santana. The covers look like cartoon

o MILES DAVIS, "En Concert, Olympia" (Europe I): First time on the market, two CDs each of two 1960 Parisian concerts - in March with John Coltrane. October with Sonny Stitt. Miles is unusually strong with the weaker of the two, but Coltrane intimidates him. A steaming rhythm section, first-class sound, an insight into Miles, a jazz benchmark.

Met Sets Up Shop in Louvre

PARIS — We all know that museums are really only there to provide another opportunity to shop. The world of artistic trinket buying has become e little more international with the opening in the Louvre's Carrousel shopping area of a Metropolitan Museum Copies of art and objects from museums around the world include ancient Chinese and pre-Columbian statues as well as the Diego Rivera cup (180 francs), Egyptian 12th-dynasty earrings in onyx and silverplate (330 francs) and the inevitable Matisse silk scarf for 720 francs. Closed this Friday, and every Toesday.

BRIDGE

suit into another. Seven clubs

By Alan Truscott HE diagramed deal oc-

Curred in the Regional Swiss Teams. North and South were Abe Pineles, and Alexan-der Allen, who previously won their District North American Pairs title. After North'a two no-trump

rebid, three diamonds was an artificial check-back, asking for three-card heart support. When that was forthcoming, South showed his singleton spade with a splinter jump to four spades. That was music to North's ears, and he charged on with Roman Key-Card Blackwood, locating, with the five-spade response, & K 10 5 4 3 2 the ace of diamonds and the 7 5 2 king-queen of hearts in his part- \$53 ner's hand.

Five no-trump was a grand slam suggestion, and South showed his club king. He was raised to seven clubs, and the perfect contract was reached. After a spade lead he took the ace, ruffed a spade and drew bidding: trumps. Then the even heart had the diamond guess in re- 30

cult to escape from an agreed

was virtually a laydown if the frumps were no worse than 4-2, for if the hearts had broken badly, South would have had a good clue to the winning play in diamonds. Another time, perhaps. South's distribution will be 1-5-5-2, and the right contract will still be seven clubs, even though the fit is only 4-2, although the percentages are now close. NORTH (D) **◆** ∧ 6

♦ K J 8 6 WEST **♦**0 J97 ♥ J9 0 Q 9 4 **4** 10 9 7 3 SOUTH **↑**8 ∇KQ863 ◊ A tù 7 2

Neither side was vulnerable. The

The Company was the Company of the C

split gave him 13 tricks, and he 2 N.T. Pass Pass serve, if necessary.

This was a superb bidding achievement. It is always diffi-Pass Pass Pass. West led the spade five.

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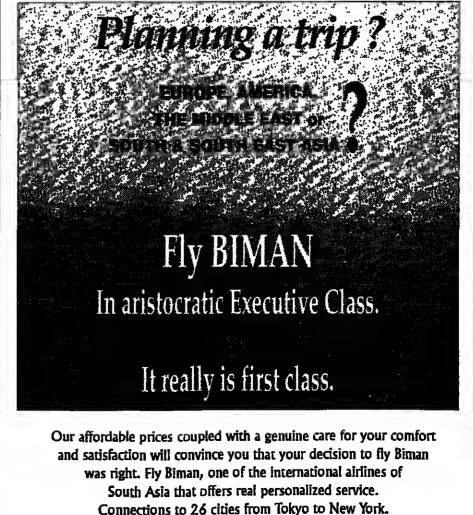
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With First-Time Posts to Pick, Taiwan Goes Into Electoral and Media Overkill

By Kevin Murphy International Herald Tribute

TAIPEI - The old, passionate ways die hard in Taiwan elections despite their lively history.

Where a few colorful campaign banners would do the job, millions flap in the gritty breeze, covering every inch of Taipei as partisan street marches, huge rallies and truck-mounted loudspeakers blaring candidates' slogans bring traffic to a standstill.

Long snakes of firecrackers explode throughout the evening for good luck. Drums beat and cymbals clash, Rival legislators who ordinarily joust in Taiwan's rambunctious Parliament still draw muscular supporters into the streets, along with riot police, lest interparty rumbling

And, when it comes to vote-buying, which every party naturally says it condemns, the only things to have truly changed are the harsher penal-

ties for getting caught and the price
up to 5000 Taiwan dollars (\$190) for a vote in Taipei's hotly contested

three-way race for mayor. But as Taiwan prepares for islandwide elections Saturday, arguably its most important since the long-ruling Knomintang began to dismantle its authoritarian regime in 1987, new, high-technology channels for debate have burst upon the scene.

The Nationalist Party has bravely allowed one of Asia's most outspoken political arenas to thrive where it once prosecuted dissent and the use of local dialects over Mandarin Chi-

But the Kuomintang still dominates the mainstream media and, its critics argue, skews political coverage through direct ownership and old loyalties to its electoral advan-

Most people who have good educations know they can't trust the television stations or the big newspapolitical hanner alongside a busy city street. "If you don't try hard to find the facts, you might believe what they say.'

But in another first for Taiwan, political dissent and analysis flourish on illegal radio and television stations, barely legal cable-TV networks and computer bulletin boards, some of which government authorities have tried to stop but

"It's not that the three main networks have suddenly become more fair," a Western diplomat said. They simply bave been subverted."

No one yet knows exactly how the rise of alternative media will affect the final results of tight, first-ever races for Taiwan's governor, big-city mayors and local assemblies, but most campaign officials and analysts agree that Taiwan's political

The Kuomintang "always tries to create the image that we intentionally create violence," said Chen Fangming, information director of the China Democratic Socialist Party, the largest opposition group.

"But violence in politics here is a structural problem because the media are controlled," said Mr. Chen, whose party's high jinks in Parliament regularly trigger fistfights—and coverage of issues otherwise overlooked. "Once the media is truly ones, the violence and fode area." open, the violence will fade away."

While the elections Saturday are largely local, contests for the top spots have national significance. The three main parties involved hold passionately different views on Taiwan's future.

Taiwan's first elected provincial

himself as a credible aspirant for the country's first presidential elections, due in 1996, analysts say.

He will also control a large province-owned business empire that includes some of Taiwan's largest banks and Taiwan Television, one of the country's three large commercial

At the same time, a loss by incumbent Nationalist mayors in Taipei or Kaosiung, the second city, could give opposition parties a valuable platform for proving their administrative mettle in preparation for future elections.

Candidates start out talking about corruption, raising pension benefits or who is to blame for not getting Taipei's cursed new train system to run at all, let alone on time. Soon, provoke Beijing, China has never though, fiery debate turns to Taigovernor — the post is a hangover though, fiery debate turns to Tai-from the days when Taipei still wan's China policy — in effect, a the losing side in the civil war.

pers," said Gloria Yang, who spent ber lunch break Thursday waving a rolitical hanner algoritical hanner algorithms are not all the provinces of discussion of the uncertain identity mainland China — could establish of the country of 20 million. The Democratic Socialists, fa-

ers, champion a formal declaration of the country's de facto independence from China if a national referendum supports such a move.

The recently formed New Party, a breakaway group from the National-ists, fears that President Lee Tenghui, himself Taiwan-born, secretly plans to break away from China to maintain power. An independence referendum is anathema to people whose families left China 45 years ago with the hope of returning victoriously after regrouping in Tai-

The Nationalists seek to maintain the status quo, a fuzzy definition of nationhood that suits many citizens because such a policy is unlikely to

The debate now gripping Taiwan is complex and emotional.

To support their respective vored by most ethnic Taiwanese votencouraged the appearance of pirate radio stations and have themselves formed television stations or created programming to be sold to Taiwan's cable television networks. Belatedly, the government has moved to expand the number of radio and television licenses.

"We produce a news program managed by a party member who is a journalist," said a New Party spokesman, Fu Kun-chen. "She has been running them objectively, and people trust them."

Increasingly, though, Taiper households and other urban viewers are turning to TVBS, a cable network operated by Hong Kong-based Television Broadcasts Ltd., which features in-depth, prime-time coverage of election developments.

Vietnam Denies A Visa to Colby, Ex-Chief of CIA

HANOI - Vietnam has refused a visa to a former U.S. director of central intelligence. William E. Colby, now a busi-nessman on the board of a fund investing in Vietnam, a Foreign Ministry spokesman said

Thursday. "At this time it is not appropriate for William Colby to visit Vietnam," the spokesman said in response to a question about the former CIA chief, a major figure in the U.S. war effort in Vietnam who is now with the U.S.-based Vietnam Frontier

Mr. Colby went to Vietnam in 1959 as deputy CIA station chief in Saigon. In 12 years in Vietnam, he led counterinsurgency programs in the former South Vietnam and orchestrated a program to infiltrate armed bands into the North, in a failed bid to start an uprising against

He also led a so-called pacification program that resulted in death or imprisonment of tens of thousands of Vietnamese Communists.



ELECTION DAY — Women of Arsheguda waiting to vote Thursday in the first round of state assembly elections in Andhra Pradesh, home state of India's prime minister, P.V. Narasimha Rao. Clashes among rival political groups left at least three dead. In neighboring Karuataka state, a political activist was killed as a mob threw rocks at him.

GEMS: A Diplomat, a Curse and a Scandal in Thailand

Continued from Page 1

brought bad luck. According to Mr. Khoja, hundreds of items are still missing, including a "priceless" 50-carat blue diamond, a necklace of "very rare" green diamonds, more gem-encrusted watches and necklaces, "rubies the size of chicken eggs" and a \$2 million bracelet containing, among other gems, a large blue sapphire. The sap-phire was reset with stolen pearls to make a necklace that, Mr. Khoja said in an interview, was seen adorning the wife of a senior police general at a party two years ago.

A dapper 60-year-old with a gray mustache, Mr. Khoja came to Bangkok as a career diplomat in March 1990 to follow up the case of the stolen jewelry. But as his frustration mounted, he publicly accused senior Thai police officials of lying to him about the affair, exposed a cover-up in the murder of a jeweler's wife and son and blamed a Thai police "malia" for numerous threats against his life.

For that reason, he carries a Smith & Wesson .38-caliber revolver. In an interview in his heavily guarded office, Mr. Khoja proudly shows off the results of his frequent target

head and chest

The chain of events began when Kriangkrai Techamong, a Thai servant, managed to disable an alarm system and steal nearly 200 pounds (90 kilograms) of jewelry from the palace of Prince Faisal ibn Fahd in Riyadh, the Saudi capital. The prince, a son of King Fahd's and a noted collector of antique iewelry, was away on a threemonth vacation with his wife.

After being alerted to the robbery, That police quickly caught Mr. Kriangkrai in January 1990 and retrieved all the jewelry, Mr. Khoja said. The servant was convicted and

practice: a paper cutout of a spent two years and seven man with several holes in the months in jail. But immediately after his arrest, the case took a suspicious turn. For reasons that were never officially explained, the jewelry was taken to a Bangkok hotel for two days before being transferred to a police station.

> By the time the jewelry was returned to Saudi Arabia two months later, 80 percent of the items were missing, and most of the rest were fake, Mr. Khoja said. Valuable pieces were stolen before and after the display at the police station and wound up in the hands of high-ranking police, government and other officials, he said.

Singapore Grants a Delay in Case **Against Herald Tribune and Writer**

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The Associated Press

weeks, state television reported.

by Christopher Lingle pub-lished in the IHT on Oct. 7 in reported.

which he criticized unnamed SINGAPORE - A con- Asian governments and their tempt of court case against an court systems. The case was American scholar and the Inter-scheduled to be held Friday in national Herald Tribune was the High Court but was postpostponed Thursday for five poned to Jan. 9 to accommodate the Herald Tribune, whose The case involves an article lawyer requested more time to

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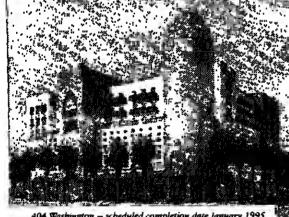
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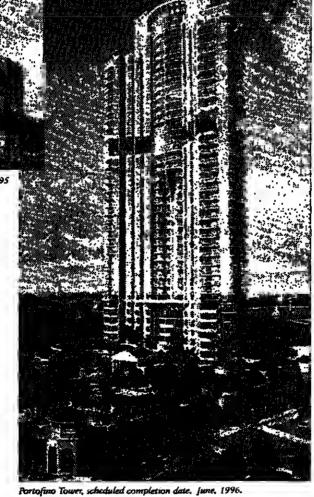
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MOUNTAIN RESORTS

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brought under control and
private enterprise is stimulating the economy – and
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A TURNING POINT FOR THE ECONOMY

Industrial output is up again, as is the GDP.

ussia's battered economy is at a turning point. After hitting economic rock bottom earlier this year, the country is set to embark on a tough economic program for 1995 that the government hopes will create a springboard for a period of sustained economic growth.

Even though it is presiding over a shrinking economy, Prime Minister Viktor Chernomyrdin's cabinet has managed to turn most businesses over to private ownership, creating a burgeoning securities market in the process. It has also chalked up a number of successes in controlling the budget deficit, inflation and the exchange rate of the ruble.

deficit, inflation and the exchange rate of the ruble.

"Russia has reached the end of a long fall in production," says Richard Layard, who heads a Moscow-based research group under the London School of Economics. "It is now ready to begin a long period of growth."

Political progress

The mere fact that talk has now turned to economics is indicative of just how much progress has been made in the political sphere. Only a year ago, President Boris Yeltsin used tanks to drive his political opponents out of the old parliament building. These days, Duma Chairman Igor Rybkin, himself a veteran of the White House siege, works closely with the president, and there are encouraging signs that a series of long-overdue commercial and tax reforms will at last become part of the statute books.

A recent government reshuffle bodes well for reforms in 1995, analysts say. Radical reformer Anatoly Chubais was promoted to first deputy prime minister with overall responsibility for the economy to work with the new economics minister, Yevgeny Yasin, a seasoned marketeer.

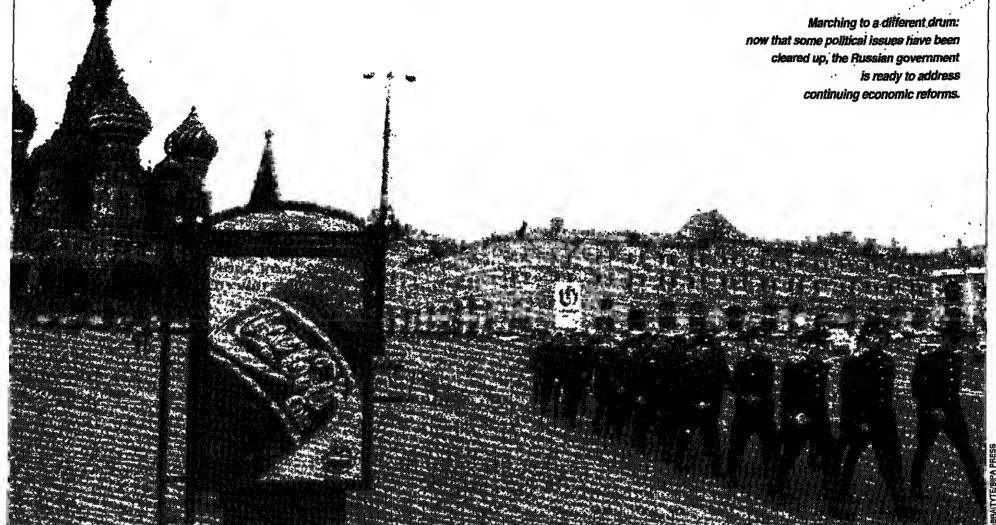
The government's program for 1995, which this new team

The government's program for 1995, which this new team must ensure is implemented, envisages slashing monthly inflation to less than 2 percent by the end of the year. This will be no mean achievement. While inflation was brought down to a monthly low of 4 percent in August, the "Black Tuesday" crash of the ruble forced the October rate up to a 10-month high of 15 percent.

Shrinking the deficit

The main weapon in the government's anti-inflation armory will be its stated refusal to resort to using inflationary Cen-

Carlottina Veliciani



tral Bank credits to finance a forecast 7.8 percent budget deficit. On current evidence, it looks as if it means business – even in the last quarter of this year, the government has turned away from simply printing more money to solve its problems, and this year's deficit looks set to come in at just under 10 percent.

Russia is now looking to fund the gap between revenue

and expenditure through an ambitious program of state bonds, coupled with some \$11 million to \$13 billion in longterm loans from international financial institutions. The World Bank says it is likely to hand over some \$3 billion in loans, while a \$4 billion standby loan from the International Monetary Fund is under discussion.

Monetary Fund is under discussion, Moscow is also asking for a \$6 billion stabilization fund

from the IMF, which would prevent exchange-rate glitches like Black Tuesday's on Oct. 11, when the ruble lost 20 percent of its value in a day, sliding to nearly 4.000 to the dollar. It has since recovered to a position of around 3,100 to the dollar, and acting Central Bank chief Tatyana Paramonova

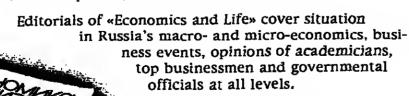
Continued on page 12

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PRIVATIZATION ENTERS SECOND, IRREVERSIBLE STAGE

After a slow start, the post-voucher stage of Russia's ambitious and far-reaching privatization program has taken off.

ment tenders across the fresh capital. country are offering immense opportunity for Russian and foreign investors alike. In contrast to the first stage of privatization - in which the state sold off shares in enterprises for vouchers issued to every Russian man, woman and child - the second stage focuses on selling stakes to strategic investors who have the capital and expertise needed to turn Russian in-

dustry around. "Now the ideology is different," says Arkady Yefstafyev, spokesman for First Deputy Prime Minister Anatoly Chubais, the driving force behind Russian privatization. "Now it is the at-

traction of capital." President Boris Yeltsin launched the second-stage program with a decree in July, hut the move was followed by a summer hill before local administrators and the companies themselves

Everything must go While official statistics are

the rest going to local and regional budgets - have given a significant boost to privatization in Russia's farunavailable, lists compiled flung regions, many of

Russia's privatization program has reaped praise from Western experts as an unprecedented success

by private consultants show hundreds of cash auctions and investment tenders taking place throughout Russia's 89 regions. The selloffs range from tiny stakes in huge enterprises such as LUKoil, Russia's largest independent oil company, to controlling stakes in lesserknown companies such as the Crystal sanatorium in the Black Sea resort town of

Mr. Yefstafyev says that the rules of post-voucher privatization - which allow recently auctioned by experiences that wheo there enterprises to keep 51 per- LUKoil Holding, for exam- are changes in the govern-

which had previously opposed the program.

Vadim Shirigorov, deputy
head of the Urals Stock Center in Yekaterinburg, agrees. "The market started thriving as soon as sales of enterprises for cash began," he says.

The share market

The development of a market for shares in Russian companies also means that many Russian assets are no longer as cheap as they once were. A 0.076-percent stake began to realize the pro- cent of the proceeds from ple, went for more than \$2 ment, policy generally

wash auctions and invest- gram's potential to bring in cash auctions with most of million. Nonetheless, shares changes more slowly than in Russian enterprises are still a bargain compared with their foreign counterpress," he says. parts. Based on share prices in over-the-counter trading

The main source of opposithe average Russian oil company, to give one exam-ple, is currently valued at between 10 cents and 40 cents per barrel of proven re-Although Russia's privatization has reaped praise

from Western experts as an unprecedented success, it still faces obstacles at home. Some observers worry that Vladimir Polevanov, a former regional governor recently appointed to head Russia's State Property Committee, might slow the worried.

program down. But Charles Blitzer, chief economist at the World Bank mission in Moscow. believes such worries should be taken with a grain of salt. "We've learned from past

we would believe from reading initial quotes in the

Pending legislation

tion to privatization remains Russia's contentious parliament, which has yet to pass definitive legislation on land ownership as well as on regulation of the country's securities market, all of which experts say is essential to attracting foreign investment.

Some reactionary members of parliament have even threatened to put a stop to privatization and annul the results of all cash auctions, but Mr. Yefstafyev isn't

Try to imagine what would happen if parliament moved to stop privatization," he says, pointing out that the program has created millions of shareholders across the country. "It's politically impossible. It's already irreversible."

Mark Whitehouse



Building on the basics: after an initial transfer of ownership to the private sector, the second stage of privatization seeks to attract new sources of capital.

A TURNING POINT FOR THE ECONOMY

Continued from page 11

recently pledged to use all available resources to defend its exchange rate.

Industrial output up

The government, however, still foresees shrinkage in the economy next year of between 6 percent and 8 percent, compared with a 22 percent decline in GDP over the past 12 months.

Figures for October have caused many analysts to he more optimistic about the prospects for 1995: GDP rose 4 percent over September, spearheaded by an astounding monthly rise in previ-ously waning industrial output of 9.5 percent.

There is a chance the budget will turn out better than it looks at the moment, because the forecast of a 6 percent fall in GDP is now no longer likely," says Mr. Layard. "Industry figures may start falling again, but there is enough strength in the rest of the economy to make sure GDP will grow from now on."

Analysts give much of the credit for economic revival to the new, small private businesses that have mushroomed in the trade, services and small manufacturing sectors over the past few years. Indeed, the extent of Russia's revival may be underestimated, analysts say, because much new entrepreneurial activity is unrecorded. Some 25 per-

to take place in this "gray" sector of the economy, helping to explain why real incomes have increased by some 13 percent so far this year, while official wage levels have stagnated.

Demand for consumer goods
The extra ruhles in Russians' pockets have filtered through into a boom in demand for imported consumer goods over the past two years. Imports account for some 70 percent of all food bought in the bustling streets of Moscow and St. Petershurg, and foreign brands have captured around 50 percent of the alcohol and cigarette markets, independent research shows.

While exporters have been quick to move in on the Russian market, Western companies have been more hesitant about committing themselves to direct investment. International investors like CS First Boston, Morgan Grenfell and Salomon Brothers have been pumping money into Russia's untamed securities markets at a rate of \$500 million to \$700 million per month, Mr. Chubais says,

but direct investment has been less forthcoming. Nevertheless, the Central Bank reckons direct foreign investment will come to \$2 billion this year, compared with a total of just \$2.7 hillion in

the previous six years.

A bullish Mr. Chubais recently predicted \$8 bil-

cent to 50 percent of economic activity is thought lion to \$9 hillion io new investment in 1995, if the government can address some of the hasic concerns expressed by Western businesses in the areas of taxation, customs duties and guarantees.

A consultative council on foreign investment, including representatives of 17 leading Western companies, is working with the government to thrash out the specifics of some of these questions and come up with answers.

Reform of the tax system is also under way in parliament. Its goal is to shift the fiscal burden away from business toward the individual and to scrap anomalies like the excess-wages tax, which penalizes companies for paying their employees higher salaries.

In addition, a new Civil Code now awaits the president's signature and should come into effect on Jan. I, providing Russia with an economic version of the constitution that will revolutionize commercial law hy clarifying previously murky concepts such as what constitutes a contract.

The code will replace Soviet law, wipe away the legal patchwork and replace it with a complete framework of civil law," says Lane Blumenfeld, a U.S. lawyer who advised on the drafting of the

WHERE THE CONSIDERS ARE

and Sf. Petersburg. For toprogation press.

Arkhangelsk. This Fir North restoremes first in terms of investment volumes with foreigners, who our \$100 inflions into the region in the first-half of the year.

The bulk of this investment vitis made at the beginning of the year by first under a production of companies. Feract Except Corp. Amoto Corp. and Maisk. Hydro.—which formed the Firman Fechora Co. to explore and develops of fields in Arctic Russa. Pending approval of a production-sharing agreement by Russian anthorities in the Timan-Pecchora.

Hydro — which formed the Timan-Period that the Timan-Pe

JOINT VENTURES ARE KEY TO INVESTMENT

The following are some of Rosser, these and the fact that it as regardery and promising regions - officers of Morrors happen appearing to the Separate assume the appearance of the foreign forests of the appearance of the foreign forests of the appearance of the foreign forests.

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For foreigners, entering the Russian market is often most easily done through a joint-stock arrangement.

Euan Craik

husiness of drilling oil wells. building office huildings. opening funcy boutiques or selling Big Macs, many Western investors say that founding a joint venture with a Russian partner is still

ways of investing in Russia.

"You can hardly find a single serious Western manufacturing project here that

one of the most reliable

hether they are in the does not involve a Russian when Russian and foreign partner." says Pyotr Medvedev, a tax and legal advisor with Anhur Ander-

sen in Moscow. "If you are going to be doing business here, you need a Russian partner, says Jeffrey Zeiger, a Trenton, New Jersey native who opened Tren-Mos, Moscow's first American restaurant, as a joint venture with the Russian carmaker Lada. "There are things that we will never understand."

Local expectations

Once the only form of foreign investment permitted in the Soviet Union, joint ventures have often heen fraught with difficulties. Several have fullen apart over tussles for property and profit. Others ran aground work ethics collided.

Faced with an obstacle course of restrictions on other forms of investment, such as a prohibition on land ownership hy foreign com-panies, would-be investors are still opting for Russian

partners. A partnership between the chocolate makers Kraft Jacohs Suchard and a candy factory in Yekaterinburg in the Ural Mountains fell through when workers became alarmed that Western investment would mean job cuts. The company, a Philip Morris division, is persist-

We do not helieve the discussion is over," says Bernhard Huber, executive vice president for Kraft Jacobs Suchard, "You cannot

succeed on the Russian market if you do not have a local production."

Useful partnerships

Valery Belov of Ernst & Young says that many foreign companies turn to Russian partners in order to obtain land and work space to set up local production. "The main obstacle to setting up a serious 100-percent foreign company aimed at production here is the im-possibility of buying land,"

Although any foreign company can huy a Russian factory at a cash auction or at an investment tender, Western companies are often put off hy restrictions, he says. According to Russian legislation, a company huy-ing a factory at a cash auction or an investment tender may reduce its work force by only 3 percent and cannot change the type of produc-tion within the first three years, Mr. Belov says.

Joint-stock companies All joint ventures were to be transformed into joint-stock companies under a 1993 government regulation, and all new legal entities with foreign investment are now registered as joint-stock companies, but the term "joint venture" is still widely used to refer to any foreign investment in a Russian

company.

Many foreign companies have set up successful joint ventures with Russian companies in the last two years. Julie Tolkacheva

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more than 6000 institutional clients. Its performance, growth of turnover and the volume of accumulated financial assets have placed Russian National Commercial Bank within the top banks in Russia. Therefore during this period the Bank has been expanding rapidly. This is particularly true of capital

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growth, accumulation of financial resources and of the amount of loans extended. RNCB's performance far exeeds the inflation index and consolidates the positive change in all spheres of banking activities. The Bank has always sought to minimize loan and investment risks and to protect its clients' and

shareholders' funds and the effectiveness of this policy is confirmed by ratio analysis. More than 49% of assets are placed with minimal risk or risk-free. RNCB has a wide network of branch offices in different cities of Russia: St. Petersburg, Kirov, Izhevsk, Petropavlovsk-Kamchatsky, Novosibirsk, Tula, Perm and Kaliningrad. To serve the needs of

clients 6 branch offices have been opened in Moscow. The Bank broadens the scope of its activity and now has corresponding relationships with 23 leading international banks and with 57 banks in the Commonwealth of Independent States.

The Bank is actively developing close partnership ties with leading Western financial institutions in the field of international portfolio management. This service, entirely new for the Russian market, is offered to institutional clients interested in global asset management. Extensive contacts have been developed. ped with Western banks and investment funds interested in entering emerging infancial markets in

The Bank is a member of S.W.I.F.T. and of the Association of Russian Banks, Mr. Peter Korotkov, the Bank's president, is a member of the Association of Russian Banks Council.

The Bank's auditors are Coopers & Lybrand.

BANKING SECTOR IN SEARCH OF STABILITY

صكذا من الاصل

A shakeout may be coming in the banking sector, but in the meantime innovations are being made.

ussia's fast-growing private banking system, which has sprouted some 2,500 commercial banks in six years, is either lurching toward crisis or advancing by leaps and bounds - or both.

Several top banks are beginning to look fairly sophisticated, opening foreign branches, introducing Russians to services like automatic cash withdrawal, attracting foreign investment and building slick images through Western-

style advertising campaigns.
Imperial Bank has distinguished itself with television ads set in the court of Catherine the Great. A huge neon advertisement io central Moscow touts Tokobank, one of the country's largest commercial banks, as a bastion of "re-spectability" and "stability."

Turning the image around

 \mathbb{R}^{E}

Still, banks are widely viewed with suspicion as more and more go under. taking with them the savings of ordinary Russians. Economists and governbanking system is heading for a crisis.

Bright spots remain, however. Stolichny Bank, one of the country's largest, recently announced plans to buy 2,000 automatic teller machines from IBM to create the country's first major network of computerized cash dispensers. It also recently received permission to open the first Russian bank branch in the European Union, in

Tokobank, with assets reportedly worth about \$1 billion, won the first major investment in a Russian bank when the European Bank for Recoostruction and Development bought 14 percent of its common voting stock for 35 million in September.

The Russian National Commercial Bank, founded in 1990, is developing contacts with Western banks and investment funds interested in entering the country's financial markets.

Russian and foreign bankers are skeptical about the stability of the banking system. "Some banks are cerment officials have warned that the tainly attacking the market with a vengeance - they're spending a tot on

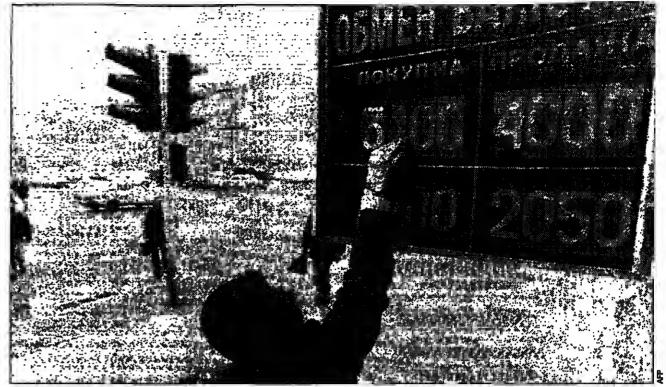
ads because they're so profitable," says Miljenko Horvat, who heads Citibank's operations in Russia. "But I'm afraid that the aggressiveness and growth have very little to do with the inherent stability or lack thereof of Russia's banks."

Capital cushions

Mr. Horvat says the apparent solidity of top banks like Stolichny and Tokobank may be illusory because accounting methods mandated by the Russian Central Bank do not conform to international standards. "Most banks bave been spending every dollar they get, when it would be better to build reserves and get that capital cushion that would reflect that they are working in a very risky environment," he says.

The State Investment Corporation (Gosincor) has presented a plan to President Boris Yeltsin to compensate depositors in Sberbank, the former Soviet savings bank, which were frozen in April 1992.

Anne Barnard



The Central Bank has pledged to defend the exchange rate following the ruble's troubling one-day 20 percent slide in October.

STOCK MARKET AT THAT AWKWARD AGE, BUT GROWING UP FAST

Russia's young stock market has been developing at breakneck speed this year. Once regulation catches up, foreign capital should continue to pour in.

oreign hedge fuods have been pouring billions of dollars into Russia, but big institutional investors have yet to enter the still wild market, where buying a stock does not necessarily mean becoming a legitimate sbare-

Government officials have estimated that foreign portfolio investment in Russia the major factor influencing growth of the stock market has risen to \$700 million a month from a mere \$150 million at the start of the

Attracting foreign funds First Deputy Prime Minister Anatoly Chubais, who bas overall responsibility for Russian economic policy, recently predicted foreign portfolio investment will

flocked to buy sbares in Russia's oil, aluminum, electric power and communicatioos industries, some reaping buge gains on stocks wbose value grew more than 100 times in several months. The Moscow Times Stock Index, an indicator based on brokers' quotations of 30 leading stocks, has grown more than 50 points, to 150.39 from 100 on Sept 1, when it was launched.

"In my opinion, the average share price of good companies in Russia will quadruple in two years," says Benoit Mounier, a Moscow-based manager for Eastern Capital Fund Ltd.,

ket has been in the dol-Foreigo investors have drums, waiting for a boost from big institutional investors such as emerging market funds and pension funds. Officials and market dealers have warned that the government must secure property rights and develop better regulation of the market to maintain an inflow of foreign capital.

> The need for discipline Foreign and Russian investors have long suffered from the lack of regulation in Russia's securities markets. Russian industry managers, reluctant to share property rights in their companies, have been known to delay or even refuse regis-

being czars in their eoterprises, so they treat investors as unwanted guests, not fellow owners of the company," says Sergei Pavlenko, director of the governmental Center for Economic Re-

Some Russian companies, however, have already changed their attitudes. In October, seven of Russia's leading industrial companies and investment funds stepped in to fill the legal vacuum left by the govern-ment, creating a bill of rights to protect their shareholders. The Declaration of recently predicted foreign portfolio investment will continue to grow next year an offshore fund that plans to put some \$50 million dol-lars into Russian equities.

tration of new shareholders. Shareholders signed by such giants as commonly hide financial ac-

Lately, however, the market has been in the doldrums, waiting for a boost from big iostitutional investors such as emerging

"These people got used to being a strict of the companies and services will be available on the company LUKoil, guarantees the property rights of the companies 8 million investors and oil services will be available on company LUKoil, guarantees the property rights of the companies 8 million investors and oil services will be available on the dolto market," said Mr.

Mounier of Eastern Capital the companies 8 million investors and oil services will be available on the dolto market, "said Mr.
These people got used to vestors and requires the big foreign investors will be available on the market," said Mr.

When that happens, the market is a service will be available on the companies of the companies companies to provide shareholders with detailed financial disclosure.

Custodial services

Most big foreign investors, however, are still waiting for more guarantees on their money, and are unlikely to enter the market until custodial services, in which banks or other financial institutions guarantee ownership of shares, are set up.

CS First Boston, Chase Manhattan and Citibank are all working to establish such services, and investors hope they will be in place in the near future.

"In the next few months, I think that adequate custodial come into the market, which will cause it to explode." Besides ownership guar-

antees for investors, the Russian equities market lacks two other essential elements: It has neither a unified stock quotation system nor a clearing center where share purchases can be registered. Dealers often have to fly to outlying Siberian cities to register share trades at a company's headquar-

Such costly and time-wasting procedures leave no room on the market for smaller investors, as most brokers refuse to go to the trouble to strike deals worth less than \$100,000.



The situation could sooo improve, bowever, as more companies seek to attract the means of individual io-

Red October, Russia's largest candy factory, which

is offering 55 percent of its stock at cash auction in December, has already said it plans to sell most of the sbares to individuals through special stock stores. Mikhail Dubik

"RUSSIA" was produced in its entirety by the Advertising Department of the International Herald Tribune. WRITERS: Anne Barnard, Euan Craik, Mikhail Dubik, Julie Tolkacheva and Mark Whitehouse are on the staff of The Moscow Times. PROCEDAM DEPECTOR: Bill Mahder

LARGEST VOUCHER INVESTMENT FUND IN RUSSIA

Recently, the stories about JSC MMM received wide coverage in western media. Analysis of the publications revealed that they do not distinguish between JSC MMM and MMM-Invest. In most newspaper articles JSC MMM is referred to as "investment fund", whereas MMM-Invest is classed as a voucher investment fund. The present report is aimed to put the record straight.

was established in December 1992 to participate in the privatization process and is the November 8, 1994. The number of sharehollargest in Russia. The Voucher Investment ders is estimated at appr. 2.4 min. Fund obtained the license from the State An efficient investment strategy provided to

The Voucher Investment Fund MMM-Invest share capital amounts to Rbl. 42167 bn. or USD 13,593 m at the rate available on

Property Committee of the Russian Fund assets has been sourced from the shares Federation, numbered 58 and dated January of privatized enterprises and, qualified as 29, 1993. Fund authorized stock was regis- highly liquid assets. The figures below illustered by the State Property Committee on trate the growth of market value of highly li-February 1 and September I, 1993. Paid up quid Fund assets during recent months.

Date	Liquid assets value (*000 USD)	Asset value per single placed share (\$\share 1000 rbl. par value)
	42.452	1.03
01.08.94	43 453	
07.08.94	45 696	1.08
15.08.94	54 501	1.26
	61 359	1.45
21.08.94	74 086	1,75
30.08.94	100 268	2.37
07.09.94	117 479	2.78
15.09.94		2.88
21.09.94	121 694	2.99
30.09.94	126 476	2.46
07.10.94	103 853	•
14.10.94	92 364	2.19
	80 663	1,91
21.10.94	81 208	1,93
31.10.94	85 931	2,04
08.11.94	33 731	

A fall of Fund assets market value in the first half of October was resulted from a recent sharp decrease of shares quotations of oil production complex enterprises in the Russian market. Nevertheless, the table shows an upward trend of Fund assets values in the past two weeks that connected first of all with growth of market price for other investment portfolio constituents. particularly costs of machine-building complex shares. For example, cost of AvtoVAZ Stock company shares, in which MMM-Invest has a largest block of shares, rose by over 40% for the last October in terms of US dollars.

ship capital) of the privatized enterprises gives as larger as the Fund authorized capital. the right to participate in the decision making processes of the management of the enterprises. The Fund's representatives are on the boards ly skilled professionals. Some of the top of directors of some of the largest Russian enterprises.

Profit for the first quarter amounted to USD 12.308 m. A profit tax amounting to USD 4.308 m. was contributed to the State. Out of all the voucher funds operating beneath equal conditions, MMM-Invest was the only one to make a major profit. By decision of the shareholders taken at the general meeting, May 13, 1994 this profit gained from the Fund activities was allocated in dividends. As of November 8, 1994,

A major shareholding (3 to 24,4% of owner- a market value of Fund liquid assets is 6.3

The Fund is represented by a team of highmanagers are doctors of economics and many have gained qualifications in securities dealing from the Finance Ministry of

The Voucher Investment Fund MMM-Invest is financially and legally fully independent from the companies incorporated in the MMM Association, and, from JSC MMM, which has been the subject of great discussion in recent months in both Russian and Western media.

LIST OF INVESTMENTS

Voucher Investment Fund "MMM-Invest" In excess of 3% ownership capital:

Name in alphabetical order	% from ownership capital	Description of activity	Location
AVTOVAZ	8,18	Car production	Samara dist.
ANGARSKNEFTEORGSYNTHEZ	11,30	Oil refinery	Irkutsk dist.
BERIOZKA IN LUZHNIKI	19,43	Trade	Moscow
VARIOGANNEFTEGAZ	3,04	Oil and gas extraction	Tyumen dist.
MIL' HELICOPTER PLANT	7,55	Design and production of helicopters	Moscow
HOUSING CONSTRUCTION CENTER N.9	3,06	Construction	Moscow
LENINGRAD OPTICS AND MECHANICAL	4.80	Precision Manufacturing	St. Petersburg
PLANT (LOMO) MOSCOW JEWELLERY PLANT	24,48	Jewellery making	Moscow
RYAZAN OIL PROCESSING PLANT	6,86	Oil refinery	Ryazan
TOMSK OIL AND CHEMICAL PLANT	18,58	Oil refinery	Tomsk
TOURCENTER SUZDAL	11,65	Tourist industry	Vladimir dist.
UAZ	17,02	Car production	Ulianovsk
TSUM	5,50	Trade	Moscow
JAVA TOBACCO	4,02	Cigarette making	Moscow

Up to 3% ownership capital:

"On Tverskaya" (hotel "Minsk", Moscow); Ostankino meat processing plant (Moscow); Hotel complex 'Kosmos'' (Moscow); "Red October" (confectionary, Moscow): "MIKROMASHINA" (MIKMA, consumer appliances, Moscow); PURNEFTEGAZ (oil and gas extraction, Tyumen dist.); NOYABRSKNEFTEGAS (oil and gas extraction, Tyumen dist.); KONDPETROLEUM (oil and gas extraction, Tyumen dist); SAKHALINMORNEFTEGAS (oil and gas extraction, Sakhalin); NORILSKY NICKEL (ferrous metallurgy, Krasnojarsk region); MEGIONNEFTEGAS (oil and gas extraction, Tyumen dist.); KIRISHINEFTE-ORGSYNTHEZ (oil refinery, Leningrad dist.); NIZHNEVARTOVSKNEFTEGAS (oil and gas extraction, Tyumen dist.).

MMM - Invest is currently seeking foreign companies wishing to participate in the privatization process in Russia. MMM - Invest offers business consulting services and joint operations in securities in the Russian market.

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list compiled by the AP, consists of the 1,000 traded securities in terms of dollar value. It is updated twice a year.

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Thursday's Closing
Tables include the nationwide prices up to
the closing on Wall Street and do not reflect
ate trades elsewhere. Via The Associated Pres

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International Herald Tribune World Stock Index ©, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100. World Index 2/1/94 ciese: 111.86 revious: 112.40 Asia/Pacitic Approx. weighting: 32% Close: 124.19 Prov.: 124.10 World Index The Index tracks U.S. dollar values of stocks in: Tokya, New York, London, and Argentina, Australia, Austria, Belgium, Brazil, Caneda, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Swedon, Switzerland and Venezuela, For Tokyo, New York and

higr more information about the Index, a booklet is available hee of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neutily Cedax, France.

Thinking Ahead /Commentary

By Reginald Dale International Herald Tribune

bring it global economic superpower sta-

ASHINGTON — Will India
be the next China? Is India,
in other words, heading for a
growth explosion that will

Capital Goods

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Indonesia's Red-Hot Profit Center Sales Soar at Maker of Unique Clove-Laced Cigarette

By Paul Blustein

Washington Past Service
SURABAYA, Indonesia — Tropical dampoess hangs heavily in the morning air. The spicy-sweet aroma of cloves permeates the factory floor. Fingers fly in a blur as women produce 300 to 400 cigarettes filled with cloves and strong tobac-

Even in Asia, few companies are at ooce as exotic and as dynamic as H. M. Sampoerna, the most profitable maker of kretek. Indonesia's unique cigarettes. It's a huge business, as evidenced hy the smoky fragrance that pervades the streets of the world's fourth most popu-

lous country. Sampoerna ranks as one of the most sophisticated and fastest-growing companies in this booming region, an exam-ple of the tough local competition that Western and Japanese multinational firms are finding as they invade Asia's

lucrative markets.

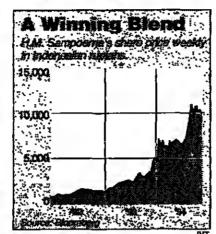
It's a flourishing company that must occasiooally summoo priests to its factories because cigarette rollers sometimes become seized hy a fear of ghosts
—a burst light bulb once sent thousands of workers fleeing. And workers are or-ganized into villages and subvillages headed by "village chiefs."

Yet the company raises money on the Eurobond market and employs Madisoo Avenue-style advertising and market research. And its stock is red-hot; Based on the recent price on the Jakarta stock

exchange, the company is worth about \$2.2 billion.

Sampoerna's sales have risen at a compound rate of 50 percent a year since 1990, propelled by clever marketing and fast-rising consumer incomes. It is only slightly slowed by a government-backed clove monopoly organized by Tommy Suharto, President Suharto's youngest son, that charges about four times the world price for cloves.

"Let's put it this way," Putera Sampoerna, the 47-year-old company president, said with a shrug, referring to the clove monopoly. "My five-year plan became a seven-year plan."



Mr. Putera's grandfather, Liem Seeng Tee, established the country's first brand-name product, a kretek called 2-3-4, or Dji Sam Soc (pronounced "jee-sum-soo"), which is Hokkien Chinese for the three oumbers.

The founder gave 2-3-4 a prestige image that has proven a gold mine. With its high-quality ingredients, the brand is widely viewed as a smoke to be savored like a fine cigar. It commands twice the price of an average kretek, about \$1.05 a pack, a hefty sum in a country where percapita annual income is around \$700.

The product is extraordinarily unhealthy. An unfiltered suck of 2-3-4, which is still made today with the same tobacco and clove hlend that Liem Seeng Tee used eight decades ago, contains about 60 milligrams of tar, compared with 26 milligrams for a regular unfil-tered Lucky Strike and 16 milligrams for a king-size filtered Marlboro.

But, as the brokerage firm Jardine Fleming observed in a recent report, "there is no goal to deter smoking" in Indonesia. That is partly because the government has more urgent bealth problems, such as malaria and typhoid, and partly because "the kretek industry is simply too important for the overall Indooesian ecocomy."

Kretek makers employ more Indonesians than anyone else except the govern-

ment and pay more taxes than any other See KRETEK, Page 17

To Kerkorian, Lifting Dividend DETROIT - Chrysler Corp. 15 percent. on Thursday increased its divi-

Chrysler Bows

dend 60 percent, announced it would buy back \$1 billioo m stock and relaxed its anti-takestock and relaxed its and-take-over defenses, three of four steps proposed by the compa-oy's largest shareholder. Kirk Kerkorian, the billion-aire who owns 9 percent of Chrysler and has been pressing

for action to increase the value of his investment, had also asked the company to split its stock, but no split was announced.

Chrysler raised its quarterly dividend to 40 cents a share from 25 cents. The company also had made two 5-cent increases in the past year. The latest increase will cost Chrysler \$212.4 million a year, based on its 354 million shares of com-

mon stock outstanding.
The stock repurchase program will start after the first of the year.

"We remain committed to enhancing shareholder value, and this is a very effective method for doing so," Robert J. Eaton, the chairman of Chrysler, said.

Despite the company's moves, Chrysler's stock fell 62.5 cents to close at \$47.875 in New York Stock Exchange trading of 3.5 million shares.

Nevertheless, Mr. Kerkorian's company, Tracinda Corp., applauded the moves.
We're very pleased with the program that the Chrysler board

of directors announced," Alex Yemenidjian, an executive at Tracinda, said. "We hope that board will reconsider a stock split sometime in the future."

Chrysler also modified its socalled poison pill anti-takeover provision so that it was not triggered until a stockholder acquired 15 percent of the shares outstanding. The previous trigger was 10 percent. Mr. Kerkorian has asked federal regulators' permission to increase his stake

in the company to as much as

Mr. Kerkorian wrote to the Chrysler board Nov. 14, calling for a dividend increase, stock buyback, stock split and relaxation of the anti-takeover defense. He said be would pursue the proposals, in court or otherwise, if the board did oot act on them by Dec. 15.

Boomiog auto sales and Chrysler's cost-cutting have combined to push the company's profit to record levels this year. But Chrysler's stock has not mirrored this performance. The shares peaked at about \$63 early in the year and have trended downward since.

Activity Nears 11-Year High At U.S. Factories

Compiled by Our Stoff From Dispatches NEW YORK - U.S. manufacturing activity rose for the 15th straight mooth in November and hit its fastest pace in oearly 11 years, the National Association of Purchasing Management said Thursday.

The association said its mannfacturing index, a gauge of output from factories, increased to 61.2 in November from 55.9 in October. That is the highest rate since February 1984, when the reading hit 61.3.

The group's price index, considered by some to be a gauge of inflation, fell to 77.9 from a sixyear high of 79.9 in October.

A purchasing management index reading of 50 or more indicates that the manufacturing economy is expanding.

The indexes measure how many manufacturers reported increased output or paid more for raw materials.

(Bloomberg, Reuters)

Fund Losses Squeeze California County

SANTA ANA, California -A wealthy Soothern California county known as a bastion of conservatism said Thursday that the value of its investment fund bad tumbled about \$1.5 billion this year, partly because of boldings of risky securities called derivatives.

Orange County's setback was the biggest disclosed by any mu-nicipality in the United States this year. Since 1992, more than 24 cities, counties and school districts have lost bundreds of ty said. millions of dollars from investments in derivatives, whose val- er, Robert Citron, who

index or asset, such as bonds, currencies or commodities.

If Orange County is forced to sell its securities at big losses. financial shock waves would shake communities throughout California. Orange County included in its investment fund money from as many as 187 other California municipalities. The fund's market value has dropped an estimated 7 percent, to \$18.5 billion from \$20 billion, since January, the coun-

The Orange County treasur-

ue is derived from an underlying launched the fund in the late ately available for comment. The 1980s, promised investors re- county treasurer is known for his turns of 8 percent or 9 percent, said Ronald Struck, an institutional trader of mortgagebacked securities at Countrywide Securities, a uoit of

> Pasadena, California. The state's fund for munici- ments." palities was offering returns of about 4 percent at the time, Mr. fell \$1.50 to \$36.50 oo coocern cannot withdraw their money, because Mr. Citron has exerfor 30 days, Mr. Struck said.

aggressive investments, including purchases of derivatives. The county said it had assembled a team of executives and

business and securities consul-Countrywide Industries Inc., in tants to "develop a strategy for repositioning the fund's invest-Merrill Lynch & Co. shares

Struck said. Now those investors about the brokerage concern's exposure to potential Orange County losses, Merrill Lynch's cised his right to freeze the funds San Francisco office sold Orange County many of its invest-Mr. Citron was not immedi- ments, traders said.

Pilots Scuttle Iberia's Rescue Proposal

MADRID — A bid to salvage the ocar-bankrupt airline Iberia appeared doomed Thursday after overnight talks between management and pilots ended in disagree-

ment over pay cuts.

Management and representatives of the carrier's two main unions reached a tentative agreement Tuesday on a plan that entailed a wage freeze, salary cuts averaging 8.5 percent and a reduction of about 3,500 jobs through measures including ear-

"We are left without an agreement," said Javier Salas, the chairman of Iberia. He said that without the cooperation of the pilots' unioo it would be "difficult if oot impossible" to carry out the viability plan. Agreement with all unions is vital to

secure European Commission approval of a capital injection of about 130 billion pesetas (\$1 billioo) to revive the airline, which had losses totaling ocarly 200 billion pesetas over the past five years.

The pilots are only 5 percent of the work force, but the best-paid 5 percent and that on which productioo depends," a company spokesman said. "They have the last word, and they know it." Iberia has said that without an emergency

restructuring, the airline would face bank-ruptcy by March. The deal called for pay cuts ranging from 3 percent to 15 percent and 3,500 job losses between 1994 and 1997. Other Iberia unions have already agreed

to the plan, and some were critical of the pilots' decision.

"It doesn't surprise us they failed to

agree," said a spokesman for one of the two major unions that together represent 70 percent of Iberia's work force.

A spokesman from the General Workers' Union suggested forcing cooperation hy cutting the oumber of pilots. He said there were at least 250 pilots too many at Iberia. But the pilots union will oot shoulder the blame for sinking the management

bailont plan, a spokesman said.

"They are unfairly putting the hlame on us if the viability plan does not go ahead,"

the spokesman said.

Also on Thursday, Iberia's noopilot unions canceled a wildcat strike that had been planned for Friday. The strike had been called before management's rescue plan was proposed.

(Reuters, AP)

tory of assassinations and internal strife, tus alongside China in the 21st century? India may prove more politically stable. Three years after their country began struggling free from a system of state China faces the uncertainty of Deng Xiaoping's succession, tension between controls unmatched in the oon-Commu-Beijing and the provinces, and huge renist world, many Indians say the answer

is yes. The parallels between India and China are close enough that many for-Both economies are eign investors are beginning to agree. Although China started 12 years earlier, both countries are in the throes of tumultuous change as they move from

command economies to free enterprise and from agriculture to industry. Both are opening up to the outside world after years of isolation. While Chigional wealth disparities. Nobody knows na's population, at 1.2 billion, is bigger, whether or how far an authoritarian re-India's, at 920 million, is growing faster.
Foreign money is pouring into India,

Thu. Prov. %

111.47 111.97 -0.45

128.57 129.47 -0.70

102,52 103,29 -0.75

115.14 115.19 -0.04

Can India Match China? Not Likely

private sector than China.

financial system and a better-developed

is still probably better than China's, par-

ticularly now that communications,

power, electricity and airlines are being

privatized. And, despite its agitated his-

India's much-criticized infrastructure

richer and more open.

"India, by contrast, looks astonishingly predictable," writes Jean-Louis Martin in a comparative study of the two countries although oot nearly so quickly as into China. Already, by some measures, India is the fifth- or sixth-ranking world economy, level with France. Last year, China's economy grew more than three times as fast as India's. But

India is poised for takeoff, and some say it could overtake China in the years ahead. Among India's advantages are a democratic government, a well-tried legal system a big professional class, wide use of English and familiarity with Western ways. India has a more sophisticated or Taiwans on its borders.

growing dramatically, but India lacks the resources to overtake China.

gime can survive as the country becomes

for the Banque Indosuez in Paris, But Mr. Martin argues that there are inescapable economic reasons for India's growth to be less dramatic than that in China.

India has far worse financial problems, both in terms of foreign debt and internal deficits, and it gets much less help from its residents overseas than China does from its expatriates. India has no Hong Kongs

But the main reason China's growth is likely to remain stronger is that, unlike India, it started from scratch. China got a massive boost from privatizing agriculture and creating industries and services that had simply oot existed before. It still has vast amounts of virgin territory in its coastal areas to coovert into export pow-

India, however, already has private agriculture and a more diverse economy. The pace of its reform is slow and erratic. If it is to catch up with China, or with Indonesia for that matter, India will need to speed the reform process. The army of bureaucrats who for so long paralyzed the economy are still too powerful, and there is still too much corruption. Bloated state-controlled industries oeed to be made more efficient, labor laws modernized, and banks released

from state control. India enthusiasts should keep a sense of proportion. "Whereas China's ambiof proportion. "Whereas China's ambi-tion is to become the world's largest economy," Mr. Martin writes, "India is fighting, as Finance Minister Manmo-han Singh has put it, against 'the certain prospect of entering the 21st century as just about the poorest country in Asia."

Mr. Martin thinks China will settle down to growth of between 8 percent and 10 percent, against 6 percent to 7 percent in India. In the second half of the 1990s, India is likely to provide the main new opportunity in Asia for foreign investors and exporters, just as China did 10 years ago. But another China? Not likely.

Italy Hopes To Return Lira to Grid

FRANKFURT — Italy

hopes to take the lira back into the European Umon's exchange-rate mechanism, the system of curreocy management, next year, Budget Minister Giancarlo Pagliarini said Thursday. "We want to do that for sure,

but there is some opposition," Mr. Pagliarini told bankers after a speech to the Frankfurt Chamber of Commerce.

Italy, along with Britain, abandoned the mechanism in September 1992, when markets put currencies under speculative pressure in the semifixed exchange-rate grid. By taking the lira back into

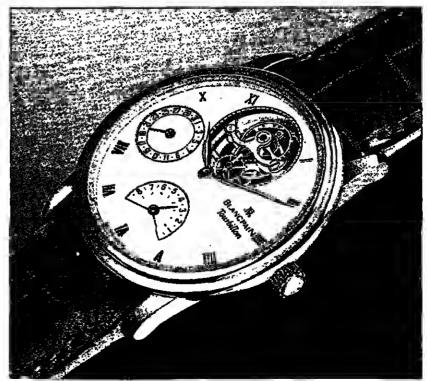
the system in 1995. Italy would potentially qualify for membership in the projected European monetary union in 1997, the first date possible onder the Maastricht Treaty.

EU countries must be part of the exchange-rate mechanism for two years, and their currencies must trade within oormal fluctuation bands as a prerequisite to qualify for the mooetary union. They must also fulfill stiff economic cooditions relating to interest rates, inflation and budget deficits.

Mr. Pagliarini said Italy, as a founder member of the European Community, was especially determined to meet all the criteca'se ria for membership of the monetary umon.

"It's very important for us, since we were there at the Treaty of Rome, that we be a part of

BLANCPAIN



SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. And there never will be.

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CURRENCY & INTEREST RATES

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Computer Issues Drag Down Stocks

Compiled by Our Staff From Dispatches NEW YORK - Stocks slumped Thursday on a combination of continued weakness in Treasury bonds and a selloff in computer and retail stocks. The Dow Jones industrial av-

at 3,700.87. Declining issues led advancers by a 5-to-2 ratio on the New York Stock Exchange, where

erage closed 38.36 points lower,

U.S. Stocks

volume totaled 289 million shares.

Stocks responded to a drop in bond prices, which was due to the release of stronger-than-expected economic data. The price of the benchmark 30-year Treasury bond fell 5/32, to 94 5/32, and the yield rose to yield 8.02 percent from 8.00 percent Wednesday.

Economic reports signaling a robust economy stirred concern that rising interest rates would hurt profits and lure more money into higher-yielding, less risky Treasury securities.

The most actively traded stock, at 11 million shares, was Intel, which trades on the Nasdaq system. It was followed by the retailer Best Buy, which

trades on the New York Stock Exchange.

Computer stocks were hroadly lower as concern mounted about Intel's Pentium chips. Intel fell 27/46, to 62 45/64. pulling down other computer

Dell Computer closed down 35/16, at 39%, and Gateway 2000 fell 1 13/16, to 20 1/16. CS First Boston downgraded the issues, citing potential expenses tied to the problem Pentium

Digital Equipment fell 2%, to 31%, Compaq fell %, to 38%, and IBM fell 1%, to 69%.

Best Buy sank 11%, to 32%. after the consumer electronics retailer said it expected thirdquarter earnings to fall below Wall Street estimates.

News that Hewlett-Packard would cut prices on some personal computers pressured its shares 2%, to 95.

Retailing stocks dropped on weak November sales data. Wal-Mart Stores fell 1/4, to 221/4, Gap Stores dropped 3, to 32%, and Penney edged down 3½, to 42½. Lotus fell 1/2, to 441/4. after Goldman Sachs cut its fourthquarter and 1995 profit esti-

(AP, Bloomberg, Reuters)

Dollar Rises as Chance Of Rate Increase Grows

Compiled by Our Staff From Dispatches NEW YORK — The dollar rose against other major currencies Thursday after strong economic data seemed to enhance the likelihood of further rate increases by the Federal Reserve Board.

The dollar finished here Thursday at 1.5735 Deutsche marks, up from 1.5700 DM Wednesday, and at 99.345 ven.

Foreign Exchange

up from 98.975 yen, it rose to 1.3295 Swiss francs from 1.3272 francs and to 5.3930 French francs from 5.3835 francs. But the pound rose to \$1.5665 from

Support came from a sharp increase in the National Association of Purchasing Management's index of manufacturing activity for November. The association's prices-paid index fell, indicating economic expansion with little threat of inflation.

Nonetheless, currency trad-

port would prompt the Fed to raise rates again to rein in growth before inflation gets a

"We've seen evidence that

encouraged investors.

The Fed has more credibility in the foreign exchange market than in the bond market, and this is leading to a decoupling of the dollar from the bond," said Earl Johnson, an analyst with

ley, a Federal Reserve Board governor, also underpinned the dollar. Mr. Kelley said he wanted to see the dollar stronger and said the U.S. economy continued to perform more strongly

Knight-Ridder, Bloomberg)

chance to take hold.

there is a more aggressive Fed out there," said Guillermo Estebanez, an economist at Bank of America. "It's sinking in that the central bank won't let inflation get out of hand."

The ability of the U.S. currency to hold its ground despite lower Treasury bond prices also

Harris Trust & Savings. Comments by Edward Kcl-

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AMEX Most Actives 10% 38% 36% 21% 12% 41% 45%

backlash from customers if the AT&T, IBM and Siemens. reality of future technology

technical standards that would make it easier for various kinds Compaq. of computers, telephones, com-

said Mr. Spindler, who fears a partners in the effort are their customers beholden to

fails to live up to the promises. dards project was much more

Microsoft's software.

By contrast. Mr. Spindler said, the standards effort announced Wednesday, called Versit, would permit industry

Even while criticizing Microsoft, however, Mr. Spindler said the Versit allies were holding fmd common ground on the

Mr. Spindler's presence at the Versit news conference mistake to assume that comput-Wednesday morning was a rare or users would blindly follow public appearance for him, the path down which computer That may help to explain the executives wanted to lead them. reason he apparently finds it so galling that his rivals, Mr. Gates

and distribution of Pepsi products in Brazil.

U.S./AT THE CLOSE

MIAMI (AP) - David Paul, chairman of the failed CenTrust

The prosecution had recommended that Mr. Paul serve between

NEW YORK (Combined Dispatches) - Retailers posted

The Commerce Department also said construction spending

The plan would set up a direct-registration system that would

Browning-Ferris Industries Inc. has negotiated an agreement

PepsiCo Inc. and Buenos Aires Embotelladora SA, the Argen-

and Mr. Grove, are both such celebrities.

Mr. Spindler said it was a

(Bloomberg)

(Bloomberg)

(Bloomberg)

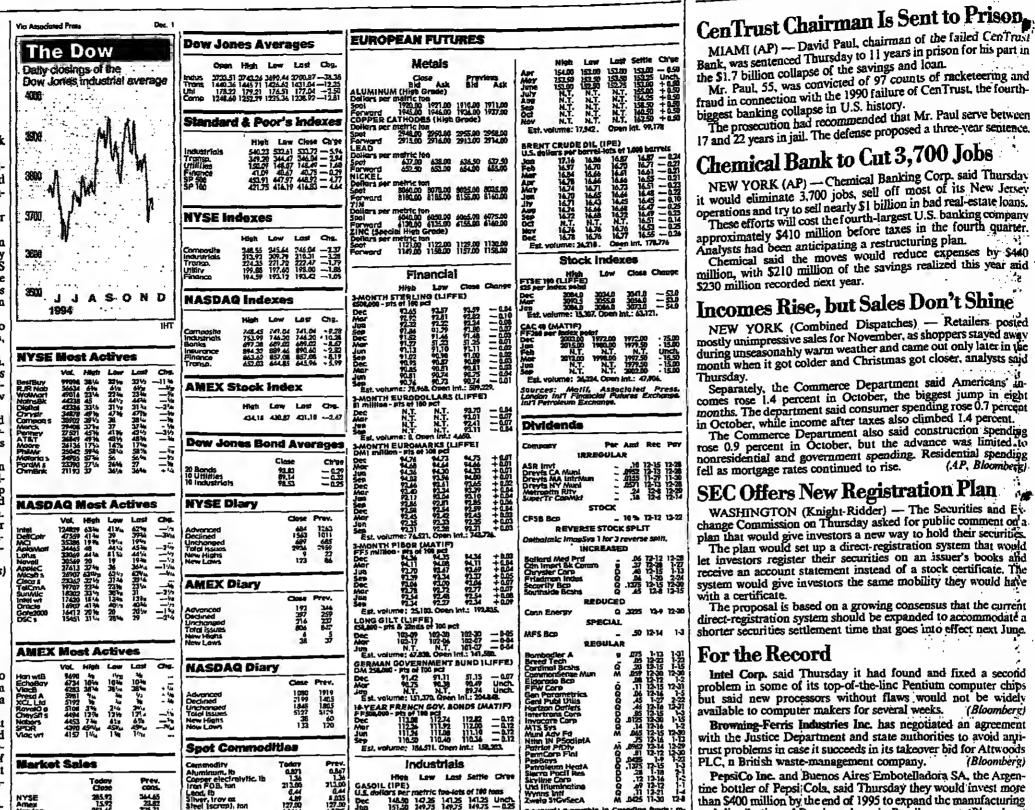
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"If you just drive down the technology curve and say ('s good for mankind, you'll see a backlash," he said.

Ultimately, Mr. Spindler said, the way that computers will be used in the future will not be determined by industry executives but by the people who buy the machines -.or



APPLE: Practical CEO Says Products Should Be More Down-to-Earth

Continued from Page 11

neer, has been running Apple since the ultimate dreamer, John Sculley, fell from grace and left the company last year. He took pains to contrast

himself with two of his industry rivals - Bill Gates, chairman of Microsoft, and Andrew S. Grove, Intel's chairman.

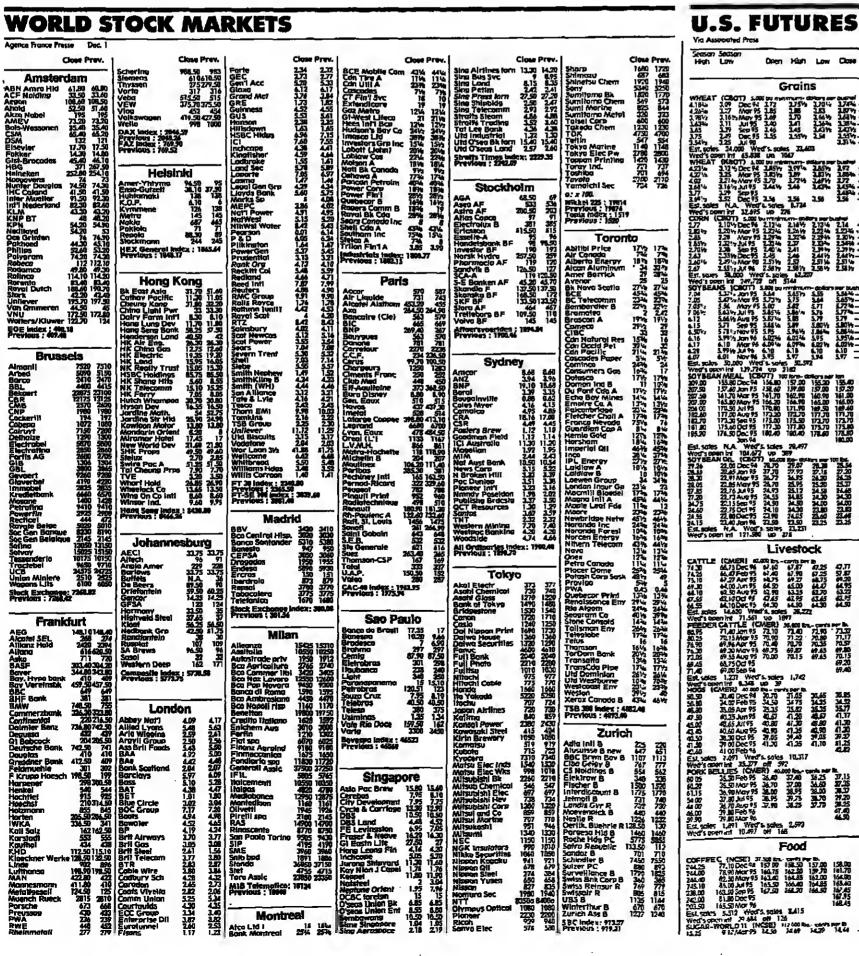
They believe that just because of the technospeak, its going to happen, but it's not."

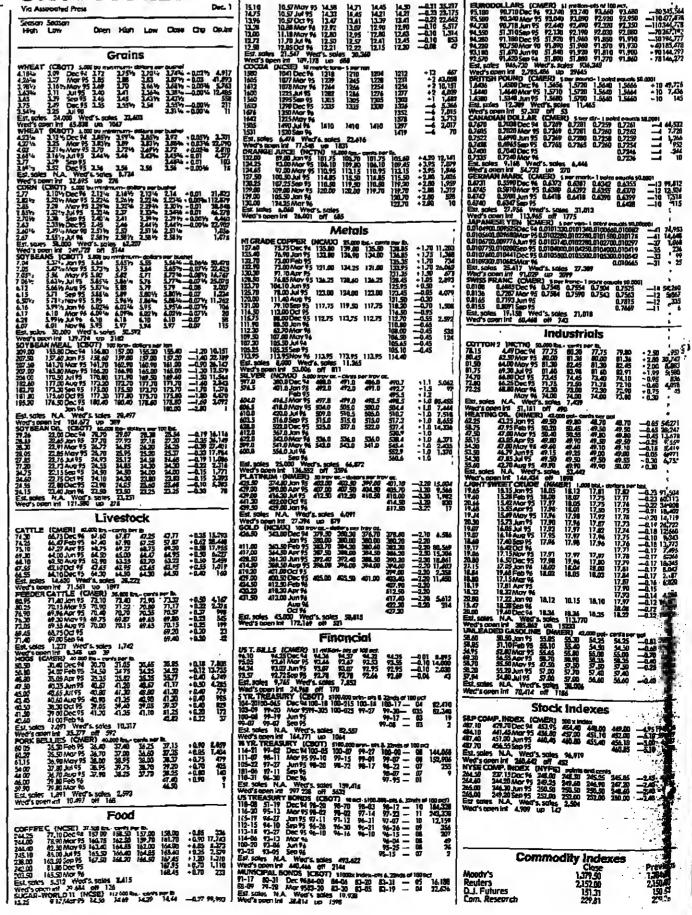
Mr. Spindler said the stan-

If that sounded a bit like pragmatic than a similar effort bashing the competition, it was. announced last year by Micro-Mr. Spindler was in New York soft and a group of more than to help kick off an venture to set 50 other companies, including Xerox, Hewlett-Packard and

He predicted that the Micromunications switches, wireless soft alliance would end up/cre- talks with Microsoft to try to devices and facsimile machines ating standards that would

The two men gave speeches spelling out their views on the future of the computer industry at a recent trade show in Las Vegas. Since then, Microsoft has been selling videocassette recordings of Mr. Gates's





Volkswagen Warns of Cut In Workweek

By Brandon Mitchener onal Harald Tribune

FRANKFURT — A year after it first circulated plans for a four-day workweek, Volkswagen AG has served notice on its German employees that they should start thinking in terms of a 24-hour week.

In its newest five-year plan, other details of which caused VW's stock price to drop about 8 percent over the past week, The company predicted it would need 50,000 fewer employees than its current total of 194,000 worldwide by 1999 because it expected a 54 percent increase

in productivity. The five-year plan confirmed the company's intentions of extending beyond 1995 the experimental four-day workweek in its German manufacturing facilities, a move that is said to have saved 30,000 jobs.
But a top VW labor represen-

tative said he thought an even shorter workweek was more likely than a return to full-time employment, a concept that the company did not immediately 24-hour week if it becomes a subject in 1995," Peter Schlelein,

a Volkswagen spokesman, said. In an interview with the Ger- known as Autolatina, next year, man magazine Auto, Motor & news agencies reported from Sport, which hits the newsstands Friday, Klaus Volkert, head of the VW workers coun-cent owned by VW and 49 percil, said productivity in the cent owned by Ford, was set up company's German plants was in 1987.

already rising so fast there could be no return to a 35-hour week without imposing layoffs.

Currently, Volkswagen employees work an average of 28.8

The 24 hours are closer than the 35," Mr. Volkert was quoted as saying, while questioning whether workers could afford the corresponding wage loss.
The VW plan, which was de-

bated at a supervisory board meeting last week and only now became public in detail, calls its goal of a 54 percent increase in productivity worldwide "a con-

The plan calls for every VW worker to produce 22 cars a year in 1999, compared with 14 now. Productivity at plants that produce Volkswagens would have to increase 11 percent a year. At Sociedad Española de Au-

tomóviles de Turismo SA, Volkswagen's Spanish unit, productivity is expected to rise 15 percent and at Skoda, its venture in the Czech Republic, a 30 percent rise is predicted.

discard. "We'll talk about the Autolatina to Be Dropped Volkswagen and Ford Motor Co. plan to end their joint venture in Brazil and Argentina,

Wolfsburg, Germany. Autolatina, which is 51 per-

Central Europe Seduces the West

LONDON - Central Europe's competitive edge over its Western neighbors is proving irresistible to big companies in Western Europe facing

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high costs at home. From a 300 million Deutsche mark (\$191 million) plant in Gyor, a Hungarian industrial city on the Budapest-Vienna highway, Audi AG has just started shipping four-cylinder engines for its

southern Germany.
Io St. Gothard, oearer the Austro-Huogarian border, General Motors Corp. huilds Astra cars to ship to Germany, Italy and Turkey.

new midsized A4 cars to

"If we did oot have this opportunity, God knows what we would have done," said Eber-hard von Koerber, president of ABB Asea Brown Boveri Ltd. 'This is a gift of history."

Under mounting competirive pressures in world markets, these and other Western companies are taking a fresh look at Central Europe. More companies today regard the region - Poland, Hungary and the Czech Republic - as a potential exporting base.

The region's low wages, highly educated work force and competitive exchange rates look inviting. The potential opportunity for Western manufacturers based in the region or contemplating investment looks enticing enough, especially since tax incentives often supplement the countries' other advantages.

Vladimir Dlooby, the Czech minister of industry and trade, chides Western Europe for the high cost employ-

Delors Warns of Job Crisis

BRUSSELS — The European Union summit meeting in Essen, Germany, next week must take solid steps to tackle the region's high unemployment or risk seeing society disintegrate, Jacques Delors, president of the European Commission, said Thursday.

"We must make a breakthrough at Essen," Mr. Delors told the European Parliament. "I will oot be cooteot with vague

More than 17 million people are out of work in the EU, a oumber that is not expected to shrink by much soon, despite a return to economic growth, unless extra steps are taken.

Mr. Delors called oo leaders at the two-day meeting set to begin Friday to create jobs by approving 14 major road and rail projects and ways of funding them.

ers bear to finance generous unemployment, pension and sickness benefits

"It's clear that Western Europe's problems are not from Southeast Asia or Central Europe," he said recently. "It is the cootinued expectations of the welfare state.

Some companies that invested in the region after the Berlin Wall fell five years ago did so specifically to exploit the local market. Now they realize they also can exploit the area's competitive advantages.

"In certain sectors, where labor costs are rising, companies are looking at the region to reduce their total manufacturing costs," said Ralph Land, who chairs the Central and East European working group of UNICE, the European employers' organization.

ABB, for instance, said it expected its exports from Central and Eastern Europe to rise to about one-third of its orders by 1997, up from a quarter of its orders now.

Procter & Gamble Co. bought a Czech detergent company, Rakona, in 1990, exporting none of its output. Now it exports to 14 countries.

Fiat SpA, which is investing \$840 million in Poland between 1992 and 1996, is increasing its exports of small Fiats from its Polish plants.

An added incentive for Western companies is the fact that Poland, Hungary and the Czech Republic all have association agreements with the European Union. This gives them almost unlimited access to the EU's market for most manufactured goods.

Cheap imports from the East represent a "very big threat" to West European manufacturers, said Daniel Janssen, chairman of Solvay SA, Belgium's biggest chemical company, "East European labor costs are one-tenth of West Europe's."

the availability of educated workers at low cost. In the Czech Republic, manufacturing wages average \$220 a month, or about \$1.25 an hour. In Hungary, monthly wages average about \$250, and in Po-land, between \$400 and \$500.

In Germany, where Europe's wage costs are highest, total labor costs per hour avcrage about \$27. There are caveats: Al-

though labor is cheap, strikes are common in Polaod. Throughout the region, pressure for higher wages is growing by the day.

Wage increases are large enough for the Hungarian government to warn that they could deter foreign invest-ment. In the Czech Republic, Volkswagen AG made it clear that wage restraint was of vital importance to Skoda, the Czech carmaker in which VW has an equity stake set to rise

to 50.5 percent this month.

Even so, "the enormous productivity increases in Central Europe will for years off-set the increase in wages," Mr. Koerber of ABB said.

The region's exchange rates, too, are likely to remain advantageous for Western currencies for some time.

Still, it will take some time for exports from the region to emerge as a force significant enough to shake up Western

Yet there is little doubt the exporting trend will broaden. It could have a big impact," Mr. Land said. "Certain manufacturers will be looking less at Southeast Asia and more at Central Europe."

Investor's Europe Stock Index 7,268.82 7,269.42 +6,12 DAX 2065 20826 008 Frankfurt ... FAZ Haleinid HEX Financial Times 30, 2,940,90 2,865.50 General Index 300.05 201.50 Paris CAC 40 \ 1,983.95 1375.94 \ -0.51 Stockholm Alfabricalitican 1,891,84 : 1,900,46 : 0,30 Vienna Stock Index NA 423,78 9(3.27 SBS 0.56

Very briefly:

• Telefónica de España SA said it would restructure its several lines of business to better prepare the company for competition and make it more attractive to potential foreign investors.

 VEBA AG said it would restructure its insurance activities and dismiss one management board member and one director at Veba units because of a report on fraud at its insurance agency. Hamburger Hof GmbH, which will cease operations.

· Lufthansa AG said it was in talks with Scandingvian Airlines System on a cooperation agreement. The German airline and Thai Airways International are also considering a joint subsidiary airline to operate cargo services in the Asia-Pacific region from

• West German manufacturing output rose a provisional and adjusted 1.6 percent in October, compared with September, the Economics Ministry said.

· ABB Asea Brown Boveri Ltd., the Swiss-Swedish electrical engineering conglomerate, said it had won a \$900 million order for high-speed locomotives and urban trains from Germany's national railway, Deutsche Balm AG.

Matsushita Electronic Components GmbH said it would buy Nokia Display Technics GmbH, a German picture-tube maker. owned by Nokia Consumer Electronics of Finland.

• Royal Bank of Scotland PLC reported a 106 percent increase from a year earlier in annual pretax profit, to £532 million (\$830 million), as bad-debt provisions dropped.

• 3i Group PLC, a major European venture capital company, said the value of its investments in small and medium-sized companies rose nearly 7 percent in the first half of its financial year.

KRETEK: Indonesia Cigarette Maker Is Red-Hot

Continued from Page 15

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industry except oil and gas. in the direction of public health by introducing the first low-tar, sonnel policy. low-nicotine kretek, called A-

Mild.) Mr. Putera took over from his late father in 1980. Highly Westernized — he spent much of his youth in Australia and the United States - he inherited a company steeped in tradi-anal Indonesian ways of doing

For example, many of the workers, especially those who grew up in rural villages, believe

ghosts. Mr. Putera recalled the time a "Suddenly, you had 2,000 peo-ple running out of the factory. Women were crying. I was in the middle, trying to comfort

Eventually, Mr. Putera sum-

moned a priest to bless the fac-

tory to get everybody back to Mr. Putera left largely un-

touched a number of traditions established by his grandfather, (Sampoerna has made one bow notably the company's paternalistic, almost feudalistic per-

> Workers are organized into Indonesian-style villages and subvillages headed by layers of mandurs, or supervisors, and

expected to ask the chief's per-

The company is convinced that these sorts of policies are responsible for its relatively low employee turnover, which is important for a company that spends three to six months training each worker to make cigarettes according to its ex-

acting specifications:

village chiefs. The mandurs, chosen by consensus from among their peers, play big-sister roles in the personal lives of the women they supervise, and anyone who is not a member of a "village" is

sion to enter its area - and that includes Mr. Putera him-

But Mr. Putera did radically

alter Sampoerna's business strategy from its historical role as a pure manufacturer that left marketing up to independent distributors. As Indooesia's economy began to take flight in the late 1980s, he recognized the

need to make the company

more market-driven. The company, which had never advertised until 1990, developed a campaign three years ago aimed at capitalizing on 2-3-4's premium image by asking the question: "Do you remember the first 2-3-4 you ever

> · Sampoema's share of Indonesian cigarette sales shot up d 4 percent in early the start of 1993 and even further this year, to nearly 15 percent in June, according to Survey Research Indonesia. Profits from sales of the high-margin 2-3-4 have grown so quickly that Sampoerna's earnings this year are projected to reach \$100 mil-

Grand Met Profit Up, Jobs Off

Compiled by Our Staff From Dispatches LONDON - Grand Metropolitan PLC said Thursday that annual earnings rose 5 percent,

but the British food and drinks company said it would have to cut 2,600 jobs worldwide as part of its restructuring charge made along with its full-

Grand Met posted pretax profit, including provisions for job cuts and plant closures, at £654 million for the year to September. Sales slipped to £7.78 billion from £8.12 billion in the

Strong earnings growth at Pillsbury Co., driv-en by increased sales and higher margins, over-shadowed a slump in profit at Grand Met's branded spirits business, International Distillers & Vintners Ltd., the company said. But Grand Met told investors that plant clo-

1992 to just under 10 percent at ture at IDV, the world's largest spirits company. would strengthen profit next year. The branded foods business, which has operations in Europe and North America, made an

operating profit of £267 million, up 18 percent from last year. But while U.S. earnings increased, profit from Grand Met's European foods husiness fell below last year's figure as prices were

But cost-cutting program is expected to reduce

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the food businesses' costs by about £46 million a

year, the company said. George Bull, the chief executive, said operating profit from continuing businesses was up 5.4 percent, reflecting strong performances by Pillsbury and Burger King but "difficult market conditions on drinks."

The earnings were lower than expected, and Grand Met shares ended 8 pence lower at 376.

(Bloomberg, Reuters, AFP) ■ Hanson's Earnings Exceed Forecasts Shares of Hanson PLC rose after the British

industrial company reported higher-than-ex-pected earnings for the year ended Sept. 30 and predicted improved performance this year, Reu-ters reported. Hanson shares rose 3 to 238 after the company said pretax profit rose 33 percent from a year job cuts and increased marketing expendicartier, to £1.35 billion, while sales rose 14 per-

cent, helped by the purchase of the U.S. company Quantum Chemical Corp. at the beginning of Hanson has interests in chemicals, tobacco,

housewares and mining. The chief executive, Derek Bonham, said an improving economic climate and the continued strong performance of Hanson's companies would provide " another excellent result for the

BASF Quits 7 Exchanges

LUDWIGSHAFEN, Germany — The chemicals giant BASF AG has become the first big German company to withdraw its shares from the seven regional German stock ex-

now be traded only on the Frankfort Stock Exchaoge,

Germany's biggest. The move, which the company said was to save mooey and provide investors with a more active market in Frankfurt, prompted speculation that oth-

or companies would follow.

"Investors increasingly want to trade on exchanges with higher liquidity," Max Dietrich Kley, chief BASF financial officer, said at a news conference. He said this was an international trend evident in other centers such as Paris and London.

BASF is one of the 30 blue chips that make up the leading stock index, the DAX Index. That will not change. But for Bremen, Düsseldorf, Hamburg, Hannover, Munich and Stuttgart, BASF's withdrawal will add pressure to find ways to

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BELIING - Controlling inflation and compensating workers laid off from unprofitable state-owned companies will head China's agenda for economic reform oext year, officials said Thursday.

The aonouncement was made on oational televisioo after an economic conference that

opened Monday. "Currently, China's most offstanding problem is excessively rapid price rises," the announcement said

Deputy Prime Minister Zhu Rongji, responsible for guiding the economy, said the next most important problems were the management of state-owned eoterprises and maintaining social order, especially in the prov-

The free-market reforms of the paramount leader, Deng Xiaoping, were reaffirmed, but high inflatioo is threatening to undermine some of the achievements they have brought.

na's Communist leadership said the first job would be to "strictly and consistently control and stop inflation."

In October, consumer price inflation in 35 major cities reached an annual rate of 27

lo addition, more than one-third of China's thousands of state-owned companies are losing mooey and draining the national treasury as they struggle to adjust to a new system that requires them to compete with vibrant private enterprises.

■ High-Tech Trade Soars

Chinese imports and exports of bigh-technology products reached a record \$20.59 billion in 1993, up 40 percent from 1992, The Associated Press reported, citing official figures.

Imports jumped 48 percent, to \$15.91 billion, in 1993, while exports rose 17 percent, to \$4.68 billioo. That left a trade deficit in the sector of \$11.23 billion, widened from \$10.7t Outlining tasks for 1995, Chi-billion a year earlier.

Chipmakers Raise Stakes

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SEOUL - South Korea's semiconductor makers are stepping up their assault on the competition with billions of dollars in new investments, a move that is pulling their Japanese rivals into an ever more expensive cycle of factory and plant construction.

Korea's top three makers of semiconductors, Samsung Electronics Co., Hyundai Corp. and Gold Star Co., will spend more than \$6 billion oo new semiconductor manufacturing facilities in 1995.

If successful, South Korea's share of the

world market for 16-megabit memory chips may hit 48 percent by 1996, while Japan's may fall to 46 percent, according to Choo Dae Yung, an electronics analyst with the staterun Korea Institute for Economics and Techoology. South Korean chipmakers have around 30 percent of the market oow.

"We can't tell Samsuog and the others to stop investing," said Hajime Sasaki, executive vice president of NEC Corp. But be said Japan's biggest chipmaker was "prepared to make the investment occessary to keep up."

Japanese chipmakers, which have dominated the dynamic random-access memory (D-RAM) chip industry since the early 1980s, are finding themselves in a squeeze. To keep up with South Korea, they need to spend as much as \$1 billion for each oew plant. At the same time, they need to keep memory chip

Holding on to their leadership in memory

chips is all the more important because Japa-nese concerns have failed to make a significant impact in the more profitable market for logic chips and microprocessors, which are semicon-ductors used to control functions of electronic devices rather than simply for storing data. The market is dominated by U.S. companies, especially Intel Corp. and Motorola Inc.

The expansion plans of the hig three Korean chipmakers will raise their combined production capacity of 16-megabit chips to 25 million units a month from 4.5 million.
Samsung invested \$1.6 billion this year io

memory chip plants and plans to spend \$2.25 billion to build production lines for 16- and 64-megabit D-RAM semiconductors. Hyundai will increase spending on semicooductors next year by 20 percent, to \$2,4 billioo. Goldstar plans to spend \$1.88 billion this year on

expansion, up from \$875 millioo last year. But Japanese makers are matching their Korean counterparts with some expensive investments of their own.

In the past three months, NEC has announced an \$800 million investment in a oew plant in Scotland, a \$50 million update of a memory plant in California, a \$1 billioo oew production lioe at a site in southern Japan and \$10 millioo io refurhishments to chip

plants in Singapore and Malaysia.

Toshiba Corp., Japan's second-largest chipmaker, said in September it would speod about \$1 billioo to expand one of its Japanese chip plants.

NEC Unveils Music by Credit Card

TOKYO - NEC Corp. has developed a

palm-sized audio system with no moving parts that can play music with the same quality as a compact disc or digital audio tape, the company said Thursday.

The so-called Silicon Audio system stores

music oo fat cards roughly the size of credit cards, and the cards can be played on a Walkman-like pocket stereo system. The cards contain rows of computer memory chips. Each card can bold 24 minutes of music, the company said.

Mark Pearce, a spokesman for NEC, said the company boped to market the system "as sooo as possible" but said it was not likely to be mass-produced before 2000. Uolike compact disc or cassette players,

Silicon Audio has oo moving parts, meaning there would be oo vibratioos distorting sound

Also oo Thursday, NEC's high-tech rival Hitachi Ltd. said its first-half profit rose 23 percent, to 130.29 billion yen (\$1.3 billioo), as its overseas units returned to profitability. (AFP, AP, Reuters)

Car Sales **Improve** In Japan

TOKYO - The Japan Automobile Dealers Associatioo reported Thursday that Japan's domestic vehicle sales rose 6.1 percent in November from a year earlier, their sixth straight month of gains.

Analysts predicted that sales would go on to show a full-year increase this year, for the first time in four years.

"Japan sales will rise by 2 percent to 3 percent from a year earlier, to around 5 millioo in calendar 1994," said Hiroshi Suemasa, an analyst at Kankaku Research Institute Inc. Vehicle sales fell 8.4 percent

Noriyuki Matsushima, an analyst at Nikko Research Center Ltd., said, "Domestic sales are now in a recovery phase but will slowly track the domestic eco-

comic recovery. At Toyota Motor Corp., November sales rose 3.0 percent from a year earlier. Nissan Motor Co. posted a 2.8 percent gain, while sales surged 17.2perceot at Mitsuhishi Motors Corp. Mazda Motor Corp.'s sales rose 3.2 percent.

Honda Motor Co.'s sales fell 10.5 perceot in November because of high demand last year for its Ascot and Rafaga models, a company spokesman said.

Separately, Agence France-Presse reported that Toyota was the most profitable Japanese company for the seventh year in a row, according to a survey conducted by Nihoo Keizai Shimbun, a husiness daily.

Investor's Asia Singapore Straits Times Tokyo Hong Kong Nikkei 225 Hang Seng 22000 ------1994 N D SOND %: Chang Close 8,466.26 -0.42 **Hong Kong** 8,430.80 Hang Send 2,242.09 -0.57 Singapora Straits Times 2.229.35 Sydney All Ordinaries 1,900,40 1,890.70 +0.51 19,013.60 19,121.72 -0.57 Tokyo Nikkei 225 1,013.13 -2.67 Kuala Lumpur Composite 986.13 Bangkok SET 1,371.60 1.074.41 -0.76 Composite Stock 1,066.21 Weighted Price Taipei 6,444.05 6,363.72 +1.26 Mantie PSE 2,645.36 2,691.19 -1:70 Stock index 482.63 -0.10 New Zealand NZSE-40 1,976.06 1,990,97 30.75

Very briefly:

Bombay

 Acer Inc., a Taiwan-based manufacturer of personal computers... plans to enter the telecommunications business oext year and start producing mobile phones, pagers and digital cordless phones.

1,953,42

1.959.56 -0.31

National Index

• British Telecommunications PLC plans to invest 440 million Australian dollars (\$334 million) in Australia over the oext seven years and to move its Asia-Pacific headquarters to Sydney.

• The China Daily, the country's only oational English-language newspaper, said it planned to add four pages to the current 12 next year and expand coverage of economic oews.

. Total SA of France and Sinochem, a Chinese state trading firm, have agreed to cross sales of crude oil and chemical products worth \$1 billion over the oext three years, Total Beijing said.

International Petroleum Corp. of Canada said it had made a
potentially large oil find off the east coast of Malaysia.

· South Korea's trade deficit swelled 54 percent from a year earlier, to \$6.26 billioo, in the first 11 months of 1994 as imports AFP, Bloomberg, Reuters

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China Gets a New TV Station

family-oriented programs throughout China Thursday.

that the programs have "oo sex, no violence, oo news."

Agence France-Presse

'HONG KONG - A new television statioo began beaming

Robert Chua, who is known for an ability to select hit program-

ming, attracted \$50 million in investment capital to start China

Entertainment Television Broadcast Ltd. Mr. Chua has ordered

China Entertainment Television/Family Entertainment Chan-

nel, or CETV, started with a one-hour test program. It plans to air

six hours of Mandarin-language programming starting March 11.

Foreigners Buy in Seoul as Koreans Sell

Compiled by Our Staff From Dispatches SEOUL - Foreign investors snapped up blue-chip shares that became available to them

Thursday after the government increased the ceiling on foreign stock ownership to 12 percent from 10 percent. But brokers said domestic institutional investors were selling as furiously as foreigners

bought, leaving the benchmark composite index dowo 8.2 points at 1,066.21. "This mirrors stroog foreign interest in our market," Koo Ja were selling might indicate a

"This gave institutions an opportunity to materialize profits. The market is expected to consolidate further," said Choi Bum, general manger of W.I. Carr (Far East) Ltd. in Seoul. Analysts said South Korean

institutions, concerned about a liquidity squeeze by the central bank and uncertain about market directioo, were trying to secure more cash. "Institutional investors low-

Sam of Daewoo Securities Co. ered their offers oo large manusaid. But some analysts said the facturing shares to make sure

fact that domestic iovestors they were sold to foreigners," said Cho Hyun Kwang, a trader at Coryo Securities Co.

Despite the decline in the index, stocks that gained outoumbered those that declined by 467 to 404, because most of the stocks that fell were those of large manufacturing companies, which are heavily weighted in the index.

Immediately after trading started, foreign investors placed orders for about 40 top manufacturing shares that had al-ready been at the old 10 percent foreign-investment limit.

Korean institutions competed to sell their holdings to the eager foreign firms.

While foreign iovestors as a group can oow hold 12 percent of any one South Korean company's stock, the limit for individual ownership of any stock remains at 3 percent.

(Reuters, Bloomberg)

Manila's Growth Rate Rises

MANILA — Philippine ecocomic growth gathered pace in the third quarter, helped by a record rise in farm output and strong industrial production, Cielito Habito, the country's chief ecocomic planner, said Thursday.

He said gross oational product grew at an annual rate of 5.9 percent in the quarter, and he predicted growth of about 5.5 percent for the year. GNP grew at an annual rate of 5.5 percent during the first nine mooths of the year, compared with 2.2 percent a year earlier.

Mr. Habito said growth was being driven by investment and higher demand and therefore should be sustainable.

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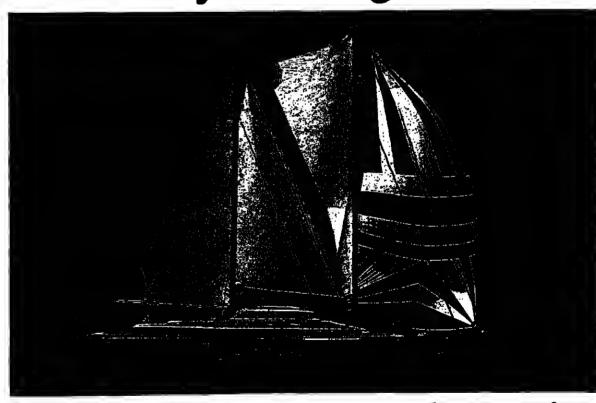
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tions. And, most important, he was aboard a sailing ship which was truly huilt for such a voyage, nevertheless maintaining the amenities of a large power yacht, cruising four years across all these waters without a problem. Who has got the money and dreams of such

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SPONSORED PAGI

Some 4,500 European Union ministers, staff members and journalists will be arriving in the Ruhr district on the afternoon of Dec. 8. Their meeting place: the Messehaus Süd (South House) on Essen's trade-fair grounds, where, over the following two days, the 35th summit Saxony conference of the Council of the Thuringia European Union will be held. CZECH. Rep. aarland WESEL Bavaria RECKLINGHAUSE FRANCE Baden UNNA "THE RUHR AREA" was produced in its entirety by the Advertising COUNTY Department of the Internutional Herald Tribune WRITER: Terry Swart:berg is a business writer hased in Munich PROGRAM DIRECTOR: Bill Mahder.

EMBLEM OF EUROPE'S CONSTANT RENEWAL

The Ruhr area exemplifies how Europe's key industrial areas have adapted to technological change.

At the European Union summit in Essen starting Dec. 8, the last major event of Germany's EU presidency, the Council will strive to formulate Union-wide policies on measures protecting the atmosphere from a further rise in the levels of carbon dioxide, harmonizing individual countries' rates of in-terest-income taxation and how to proceed with the EU's putative expansion eastward.

The routes the delegates will take to get to the conference are short and well-trodden. Essen is about three hours by train from Brussels and an hour and 20 minutes' flight from Copenhagen, London and Milan, Traversing these stretches over the past decade and a half has been a large number of peripatetic professionals: urban and regional planners, environmental protection experts, businesspeople and architectural conservationists.

European business hub

The region attracting their interest is notable first for its size and output. Home to 5.4 million people and extending over 4.434 square kilometers (1.773 square miles), the Ruhr district has a 200 billion Deutsche mark (\$133 billion) economy that makes it Europe's second-largest contiguous husiness area, with the Ruhr ranking first in output of industrial products and technical services.

Apart from this, the Ruhr boasts a diversified business community, with a noticeable ult toward heavy engineering, international trading, energy and environmental technologies, and telecommunications networks, plus some primary goods processing - a typical spread for a progressive region

Like the rest of Germany and most of Western Europe, the Ruhr shows an encouraging growth rate - 2.2 percent at latest report - which is helping to bring down a still-too-high rate of unemployment.

The Ruhr has a goodly collection of medieval castles and

churches. It does not have wretched slums or appalling industrial blight. What it does have is a lot of open land and water nature accounts for 62 percent of the district's surface area and pleasantly heterogeneous inner cities.

The legacy of coal and steel
A generation ago, the Ruhr's state of affairs and future prospects were among the most worrisome in Europe. Like England's Midlands, France's North and Lorraine regions and the "rust belts" in Belgium and Luxembourg, the Ruhr had ridden two major, intertwined industries to affluence and anational economic primacy. Like its counterparts, when competition from abroad and from new technologies made coal and steel nonviable commodities, the Ruhr's very economic and social survival became imperiled. With every report of coal mines closing or steel plants curtailing production, an insidious and powerful scenario gathered strength and form.

The prevailing idea was that each business area has a certain life cycle." says Frank Levermann, press spokesman at. Kommunalverband Ruhrgebiet (KVR), the region's development and environmental protection authority, "and that the Ruhr, like its counterparts, had irreversibly and inevitably reached the cycle's final stage, that it was condemned to be a burned-out giant' lingering on in a twilight of subsidies and . underemploymeni.

A dramatic turnaround

Instead, in a dramatic turnaround, a new cycle was begun in the early 1980s, accompanied by the creation of 210,000 jobs. during the decade. Nearly all were in the region's mushrooming services sector, and most of them were at the sector's high end, in such areas as project engineering, printing and finance. Today, services account for about 60 percent of the region's economic output - a bit more than the German aver-

To accomplish this turnaround, a broad-based, ad hoccoalition was formed. It included the governments of the stateof North Rhine-Westphalia and the Ruhr's 15 major communities and administrative districts, plus the KVR and other regional bodies, the local business community and such spe-cialized project development authorities as LEG (Landes-entwicklungsgesellschaft Nordrhein-Westfalen).

In inducing this transformation, the members of this coulition called on a number of potent assets; their uwn considerable financial resources, their ability to work together and the legacy of a highly successful past.

Corporate strength

During a 160-year period, dating from Friedrich Krupp's founding of his machine-building company in Essen in 1811, large-scale corporate empires were built up in the region. Bearing such names as Thyssen. Mannesmann and Gutehoff-nungshütte, these empires diversified over time, entering intoeverything from automotive and aerospace engineering lo

construction and energy supply.

Not surprisingly, this accumulation of corporate wealth and consumer purchasing power triggered the growth of a retail of ing and trading sector that still occupies a position of primary cy in Germany today. The names Aldi, Tengelmann and Karstadt are to be found in inner-city business districts and shopping centers all over Europe. The companies behind them have their headquarters in the Ruhr.

Efficient transport links

To serve this concentration of industrial and commercial power, a tightly woven grid of rail lines, roads and waterways was built up, including Duisburg's Ruhrort harbor, locate the junction of the Rhine and Ruhr rivers and the largest inland harbor in the world. Later came the airports, including Düsseldorf's, located just to the south of the Ruhr and the second-largest in Germany.

This density and state of development of infrastructure has proven to be one of the region's major advantages as it has gone about redeveloping its industrial hase," says, Thomas Klante, head of information at RWE AG, Germany's largest energy and environmental technologies supplier, with, headquarters in Essen. "In contrast to many other areas of Europe, each redevelopment site already had the necessary in-. frastructure in place. No site was more than 10 kilometers. away from a highway."

It is the scale and scope of redevelopment and its highly interesting architectural and social products that are now proving a magnet to many segments of the world's intellectual. and professional community.

Coal mines redesigned

There is no more coal mining, at least in such cities as Essen, where the last of 22 mines. Zollverein, ceased production in 1986. But the coal mines, or at least their aboveground structures, live on. Drawing on generous grants from the EU and employing architect Nonnan Foster's design. Zollverein is: being restored and expanded. At latest report, tour of its 26. magnificently austere Bauhaus structures had been refur-

Today, Zoliverein houses galleries, stages, studios and vocational retraining facilities. Fittingly enough, Design Zentrum Nordrhein-Westfalen, a premier venue for retrospeclives on and presentations of contemporary design in Europe.

will move there at the beginning of next year.

Zollverein and many of its 139 counterparts are now. venues for some of Europe's liveliest entertainment and cultural events. Equally interesting but more sedate are the offer-ings of the region's 135 museums, led by Essen's Folkwangs

Make way for technology Renewal through restoration is one half of the Ruhr's development story. An indication of this renewal is provided by the work of the IBA (Internationale Bagaustellung) Emscher Park. Named after the Emscher river, the regional development program now includes 83 individual projects, ranging from the renaturation of 350 kilometers of waterways to the

sprucing up of residential neighborhoods and inner cities.

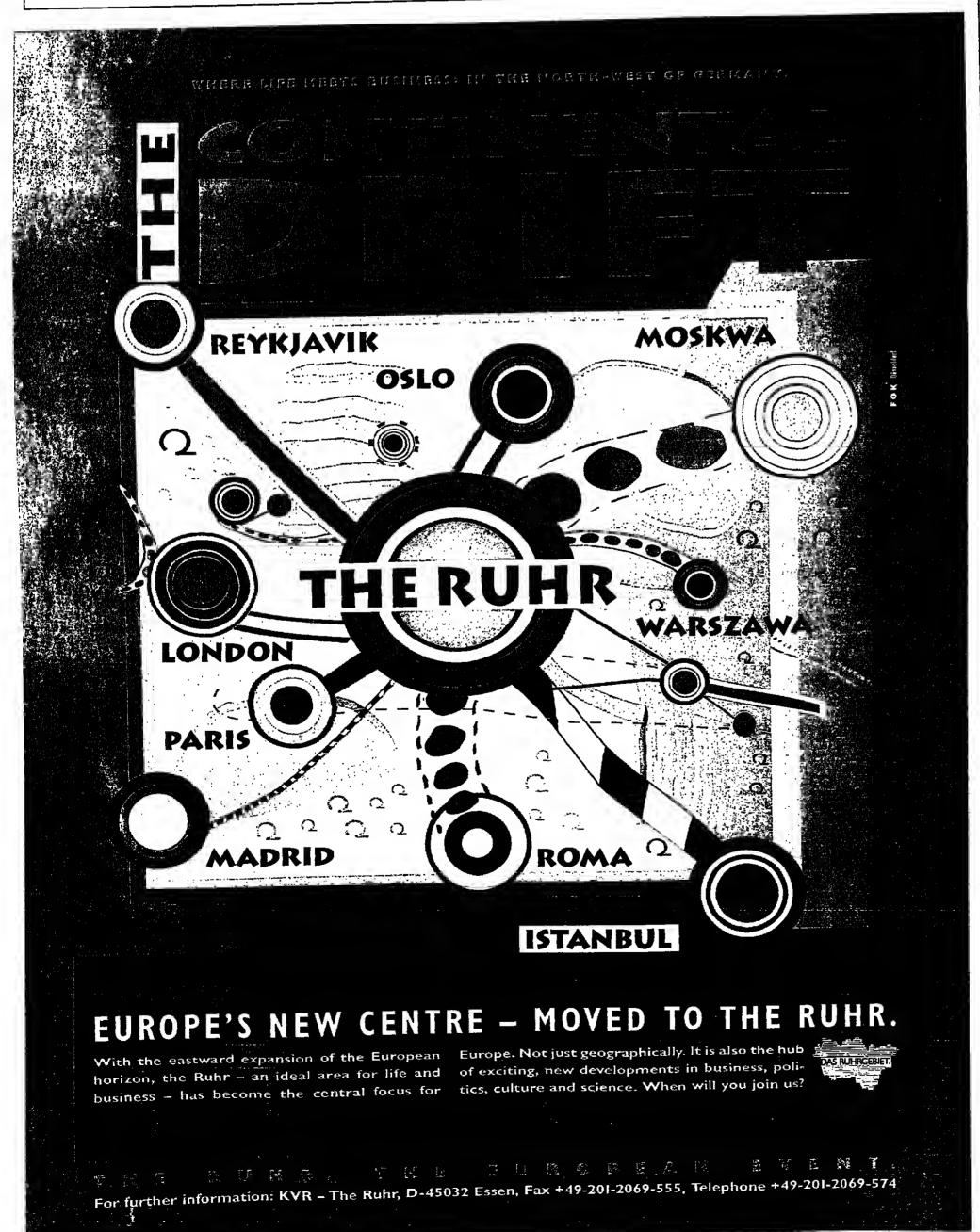
Renewal through innovation is the story's other half. Germany's first technology park was founded in Dortmund in. 1974. Today, the region has 28 of them, including ETEC (Essener Technologie- und Entwicklungs-Centrum), plus 15 universities and polytechnics (with 170,000 students), 38 technology-transfer institutes and 30 independent research cen-

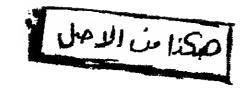
These institutes have yielded a large crop of new companies – 500 over a recent live-year period – and new facilities, many of them in the field of environmental technologies.

Dynamic new projects

One of the most visible signs of the region's ever-increasingdynamism is the spate of recently launched inner-city development projects, any one of which would be enough to qualisly as blockhusting. Their ranks include Oherhausen's 2 nillion DM shopping, sports and leisure-time center, being developed by the British P&O group; Bottop's Warner Bros." Movie World, Europe's first film theme park; and the multibillion-Deutsche-mark "Dienstleistungszentrum Stern." 4 which will completely transform the face of downtown Essen, upon completion in 1996.

"In a way, all that was done over the past generation was remedial, a highly successful form of catching up," says Mr.: Levermann, "Over the last couple of years, we've finally." started pulling ahead."





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SPORTS

Baseball Mediator Buys Time From Both Sides

By Murray Chass New York Times Service LEESBURG, Virginia -The mediator whom the Clin-

ton administration sent to save major league baseball from itself is viewed by labor negotiators as a master of good timing, and Bill Usery Jr. has put that talent to use.

At his urging, the owners' negotiating team has agreed to postpone a meeting scheduled for Monday in Chicago, where the owners had been expected to declare an impasse in negotiations and implement their salary-cap proposal.
"I've asked the owners to put

off the meeting, and they've agreed to do that," Usery said a little more than six hours after the two sides began meeting here, outside Washington.

"I've asked the owners to withdraw the threat of implementation and they've agreed to do that," he said. "It's in everybody's interest to change those deadlines and continue

At the same time Usery was persuading the owners to postpone implementation, he was pushing the players' negotiators to develop a counterproposal at the union's executive board meeting in Atlanta next week. "It's our intention to come out with one," Donald Fehr, the

players' labor leader, said. "I can't say more than that." The two sides agreed to meet Dec. 9 in Rye Brook, New

York. John Harrington of the Boston Red Sox, who is the owners' chief labor spokesman. said they would also meet Dec. 15 or 16 at a site to be deter-

A key element of Usery's success was inducing the owners to agree to postpooement without a guarantee of a new proposal from the players.
The agreement also involves

postponing the Dec. 7 deadline for clubs to offer salary arbitration to their free agents. The two sides agreed to put off that deadline until Dec. 17. After that date, unsigned players would be able to consider changing teams. The deadline

receive offers was postponed from Dec. 19 to Dec. 23. The postponements could not be taken as signs of progress, but as an effort to keep the talks going without disruptive

for response from players who

"If there is a window, both sides found a way to keep it open a few days more, and that's very important." Lauren Rich, a union lawyer, said. A 10-day delay in the owners' meeting would be enough time

for the players to formulate and present a counterproposal and for the owners to decide if the approach is worth pursuing. If they saw no promise in the proposal, the owners would presumably implement a salary

cap at their rescheduled meet-

discussed. That's the date by which clubs must tender contracts to the approximately 900 players who are not signed for 1995. Neither side apparently wants to change that deadline. As the National Hockey League lockout entered its third

A Dec. 20 deadline was not

month, a crucial collective bargaining session began Thursday in Chicago, with the players to present a counterproposal on three of the most critical issues in that labor dispute, The Washington Post reported.
As one neutral source said,

"If owners walk away from this, there will be no season." The parties last met in Boston on Saturday, at which time the NHL Players' Association broke off the bargaining session after a half-hour, saying it need-

ed more time. Some on both

sides were irked at the time, but

after five days, the union had formulated a package that ad-dresses a rookie salary cap, salary arbitration and free agency. The negotiators had reserved room space in a Chicago hotel for three days. Both sides seemed agreed that these meet-

ings are pivotal.

The owners' lockout has forced a work stoppage that was now in its 62d day. The schedule is already down to 60 games, following the cancellation of 24 for each of the 26 teams. Owners have said they will accept no less than a 50-

the smaller Phoenix had trouble

made their first field goal of the

second half, more than 71/2 min-

utes in. By that time, it was 52-

34, and Michigan never got

closer than 13 the rest of the

guarding him.

for Green Bay.



Shaquille O'Neal, making the Kings' Mitch Richmond (left) and Olden Polynice duck with a dunk, scored the Magic's first 13 points, finishing with 41 in the 114-107 victory.

ORLI The Magic Touch Points to Title Shot

The Orlando Magic are look-ing every bit like the title contenders they were projected to be at the start of the National Basketball Association season. A 114-107 victory over the

Sacramento Kings on Wednesday night gave Orlando its eighth consecutive victory, a record for the fifth-year franchise, and the best record in the league at 10-2.
"How you start is important,

but how you finish means more," Magic's coach, Brian Hill, said.

Shaquille O'Neal led the way with 41 points, while Anfernee Hardaway added 23 and Nick Anderson 22.

The Magic haven't lost since Nov. 10, when the New York Knicks beat them, 101-99, in Madison Square Garden on a late jumper by Patrick Ewing. They have a chance to turn around that defeat on Friday, when the Eastern Conference champs come to town.

We look at them as a team that was in the finals last year and who won our division," Hill said. "We know if we are going to be a real good team, we are going to have to go through New York."

O'Neal scored the Magic's first 13 points and finished the first period with 17 on 7-for-8 shooting. Then Anderson scored 16, with four 3-pointers, in the second quarter to give Orlando a 66-52 halftime lead. Cavaliers 117, Lakers 79;

Seven Cleveland players scored in double figures as Los Angeles was handed one of its most lopsided defeats ever.

The loss ended the Lakers' five-game winning streak and, sent them home with a 3-1 record for their four-game road

Bulls 118, Suns 105: Scottie, Pippen did it all for Chicago, getting 35 points, 9 rebounds, & assists and 5 steals while help-

NBA HIGHLIGHTS

ing keep Charles Barkley in check in the second half. Pippen's 13-for-17 shooting helped the Bulls withstand a late surge to end the Suns' fourgame winning streak.

Barkley, making just his second start of the season, led the visiting Suns with 22 points. SuperSonics 109, Spurs 100: Seattle got 21 points from Gary Payton and 18 off the bench 1.

from Sam Perkins to help overcome David Robinson's 42 points for San Antonio.

In reaching a season high, Robinson made 15 of 20 shots from the field, 12 of 14 free throws and had 9 rebounds.

Celtics 118, Pistons 115: A season-high 37 points by De-troit's Terry Mills and a flurry of 3-pointers down the stretch weren't enough to beat Boston.
Dino Radja had 26 points. and 12 rebounds at Boston Garden. Rick Fox added a season-

2 Would-Be Spoilers Give Big Guys Their Best Shots, but Narrowly Miss

The Associated Press

Ohio University and Wisconsin-Green Bay were good enough last seasoo to make a little noise in the NCAA tour-

They were almost good enough Wednesday night to knock off two of this season's best college basketball teams. Ohio, concluding a two-week road trip that included a championship in the Preseason NIT,

used a furious late second-half

run to pressure No. 3 Kentucky before losing, 79-74. "Ohio U. is a great basketball team," Kennicky's coach, Rick Pitino, said. 'They have Final Four potential."

The Wildcats held Ohio's keep Ohio from tying it. best player, Gary Trent, well below his season averages, yet still couldn't shake the Bobcats (4-1), who lost a close game to Indiana in last season's NCAA tournament.

Wisconsin-Green Bay (0-3), and 14.5 rebounds, had 21 which knocked off Jason Kidd points and 10 rebounds, but and California in the NCAA tourney before barely losing to Syracuse, dropped a 61-57 decision to No. 13 Wisconsin.

The near-misses by Kentucky (2-0) and Wisconsin (2-0) were

COLLEGE HIGHLIGHTS

In Lexington, Kentucky, the Bobcats went on a 14-2 run to close to 66-64 with 3:20 left to play, but Rodrick Rhodes sank a free throw and short jumper ty's two free throws with 24 in the final three minutes to

points apiece, while Mark Pope got 11 points and 11 rebounds.

the only close games in the top

Tony Delk and Walter

Trent, averaging 25.8 points

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SCOREBOARD

NBA Standings



left put Wisconsin on top. 58-45, before the Phoenix used a Dollos 10-0 run to close to 58-55 with a Son Anto minute left. But Sean Daugherseconds left were the last points Seattle Golden Stort No. 9 Arizona 78, No. 17 Michigan 57: In Auburn Hills, Socromento Michigan, the inaugural Great Arizona (3-1) had a 20-3 run before the Wolverines (2-2)

Fight tourney ended with a great letdown for Michigan.

Arizona (3-1) had a 20-3 run before the Wolverines (2-2)

Manual State of the Wolverines (2-2)

Manual State of the Waller 15), Boston 38 (Rodia 12), Assistation of the Wolverines (2-2) 42 (Miller 15), Beşton Sf (Rodio 12), Assista-Detrolf 31 (Dumors 9), Boston 20 (Wesley 12). Secremente 21 23 21 32—187 Ortendo 25 41 32 16—114 St. B. Gront B-14 3-5 17, Richmont 8-16 24 20. Or Anderson 8-11 9-8 22, O'Med 18-25 5-12 4), Hardoway 6-13 11-14 23, Rebessets—Socre-mento 52 (B. Grost 8), Ortendo 51 (H. Gront 11). Assista—Secremento 23 (Harley 6), Dr.

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(Johnson 10), Assists—Morni 24 (Coles 7), Choriotie 28 (Bogues 11).

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ngo 30 (Plepen, Myers 6), Antonio 22 26 27 25—100 He 26 23 25 22—107

Son Antonio 22 26 77 25—168 Scattle 28 27 35 22—169 S: Robinson 15-20 12-14 42, Del Negro 8-17-3-3 19. St. Pavien 9-17 3-3 ZL. Perkins 6-11 3-2 ZL. Rehounds—Son Anfonio SZ (Reid 13), Sectife AZ (Schremy) 7), Assista—Sen Antorikr 19 (A. Johnson 7), Seutife 23 (Pavion 6),

Top 25 College Results How the top 25 fears in The Associated Prass' men's college basketball pull fored

Medinesday;
2, Kentucky (2-9) heat No. 14 Onlo University 79-74. Next: vd. No. 5 UCLA of Annoberta Collif. Sofundoy; 4, Artanesa (2-1) heaf Jackson State 103-87. Next: vs. Centenary, Tuesday; 9, Artanes (3-1) heaf No. 17 Michigan 78day; 9, Artanan (3-1) beat No. 17 Michigan 74-57. Next: vs. Florida: State, Tuesday. 13, Wiscoesim (2-0) beat Wisconsin-Green Bay 61-57. Next: vs. Texas Tech, Safurday: 14, Ohio University (4-1) last to No.3 Kentucky 79-74. Mext: vs. UC (river at Jova City, Jova. Friday: 17. Michigan (2-2) lost to No. 9 Artzono 78-57. Next: at Tennessee-Chattomooga, Saf-

urday... 78, Michigan State (1-0) beat (Illinois-Chica 78, McCalago Sarte (1-1) good tilinot-2-100-go 97-78, Next: vs. Louisville, Saluntary: 19, Georgetum (1-1) bed Morgan State 99-63. Next: vs. DePaul, Saturdary: 22, Virsinite (2-1) bed North Corolina A&T 94-59, Next: vs. Tow-sin State, Saturdary: 24, Viljenove (3-1) bed Martst 80-59, Next: vs. Setan Hall, Manday. Other Major College Scores

Darimouth 97, Aliddlebory 53 Perm St. 70, Duquesne 69 Princeton 70, Latavetta 52 Rhode Island 78, Northeasters St. Francis, Po. 52, Bucknell 49 8t. John's 76, Coppin St. 73

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Appollochion St. 73. Cofemble 69
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Fairleigh Dickinson 64, Wright St

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SOCCER

Son Diego 87, Cal Poly-SLO 71

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Crystal Palace 4. Aston Villa 1

er City 1. Nov

CALVIN AND HOBBES

Swindon 2, Derby 1
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CRICKET

Wednesday) in Platerme-Rabura, S. Sri Lonko Inninas: 200-8 (50 overs) Hatal leginas: 204-4 (47.3 avers) Hotal won by stx wickers.

SECOND THEST India vs. West India; First Do Thursday, in Magnur, India 13t Indias; 200-4 (75.2 Overs)

TRANSITIONS

BASESALL

ATLANTA-Sard Jerry Koller, Matt Microsy and Srian Bark, pfichers, and Tray Hushes, autifieder, to Richmond, IL.
CHICAGO—Nemed Jitamy Piersall ravins minor-league outliefd instructor: Marty De-Merrif pitchine coach of Orlando, SL: Dave

embley manager and Gary Lucus pitching sch of Daytung, FSL; No Hill hitting coach

of Williamsport, NY-PL; and Sandy Alemor manager and Oscar Acusto pitching coach of

COLDRADO—Brod Allis, incomper / Frank, Funk, phicking couch; and Ames Otts, hilling instructor, at Colorado Serings. AA: will return, Put Gree Harris, pitcher, on wolve's for purpose of siving his unconditional release. LOS ANGELES—Sent Mike Busch. 13f bosemon, outright to Albuquerque, PCL: Put Jerry Brooks, catcher-outrielder, on wolvers to give him his unconditional release. Agreed to terms with Deline Deshields, 2d basenton. NEW YORK—Acquired Carl Evenett, out-lielder, from Fiarido for Qulivio Verus, 2d

consensor and Joue Heary, parametrum me waskes for two players to be normed. ST, LOUIS—Acquired Roman Corobolic, in Relder, from Affords for player to be normed on ossigned him to Louisville. AA, Nurned George Klassit senior field coordinator; Maris Desig, roving coordinator; Rick Mobiler shitching coordinator; roung coordinator; pack nomes secures coordinator; and George Hendrick hitting coording-for for learn's minor-leadue system, SAN DIEGO—Pol Wolly Whitehurst, pilch-er, and Anchi Clarifrocca; brilebler, on wolver's to give them their enconditional releases. As-aloned Hitly Hathaway and Erik Plathambura.

BASKETBALL Notional Boxistoni Association CHARLOTTE-Signed James Blockweb,

ORLANDO—Put Rodney Dent, forward, or njured list, Activated Dennis Scott, forward FOOTBALL National Football League Suspended Frank Wycheck, Wash-

NFL—Suspended Frank Wycheck, Wash-Ington Reduktes fullback for remaining four somes trauson without pay for using anoto-dic steroids. The Reduktes put Wycheck on reserve. Non-footbast lisens us.
BUFFALO—Put Menty Brown, lisebocket,
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stord, from practice squad.
CINCINNATT—Put Louis Oliver, safety, os
injured reserve. Released Milkch Berger, kick-

er, from practice squad. DALLAS Rak DALLAS—Released Joe Fishbook, and Doy-ten Studetil, defensive back, and Doy-GREEN BAY—Signed Joe Kearney, wide realies, to practice squad. KANSAS CITY—Put Victor Jones, fullback,

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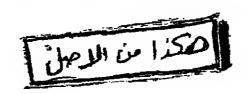


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SPORTS



Italian Soccer's Ultra Right: A Great Wrong

By Ken Shulman , cial to the Herald Tribune

FLORENCE — I am a journalist. Call me a Jew.

Ignore the noo sequitor. The Drughi certainly did. "Crosetti, you are the bead of the Jews," the ultra-right fan club of Turin's Juventus soccer team chanted during the recent UEFA Cup match against Admira Wacker in Vienna. Never mind that the Drughi don't eveo know what a Jew is, except that he is the enemy. "Crosetti, you are the head of the Jews."

Who is Crosetti, and what had he done to draw the Drughi's ire? Maurizio Crosetti is a journalist for the Italian daily La Repubblica, who happens oot to be Jewish. but who wrote an article in which be demonstrated that the Juventus club bad, in the past, helped to pay the travel expenses of the Drughi during an away match in European clob competition. A treasonous act, at least in the eyes of the Drughi, who take their name from the violent gang in Antho-oy Burgess' novel "A Clockwork Orange." And who, unfortunately, are oot Italy's only extremist soccer fan club.

It has nothing to do with soccer

Every Sunday, for years, there have been scuffles, attacks, arrests, injuries, and sometimes deaths in the country's stadiums. Automobiles, storefronts and other property are systematically destroyed. Hatchets, clubs, knives and guns are regularly confiscated by police at the stadium gates. Some of the weapons get through,

Two weeks ago, in an well-armed and

AC Milan defender Alessandro

Costacurta fouled forward Omar Andres Asad in the box, which led

pass by Milan's Franco Baresia.

organized attack, a group of AS Roma ultras charged off a team bus in Brescia and tried to break through a police cordon to get at the Brescia fans. Giovanni Selmin. the city's 50-year-old vice-chief of police, was stabbed, and cearly killed, by a group of some 15 fans wearing scarves over their faces. "I have directed swat teams for years in Milan and Catania," said Selmin after the emergency surgery that saved his life. "And in all my experience I have oever seen such a quantity of gratuitous vio-

A swastika here and there is harmless. The ultra fans are oeither gentle, tame

NEWS ANALYSIS

oor meek. They arrive in their special trains, march through the stations, squares, and city streets in military formation. I have seen their shaved heads and skin tight jeans, have seen them raise their arms in the Nazi salute, Celtic crosses and swastikas oo bands aroood their biceps. I have seen them and I have been afraid.

Today, the country expresses shock that two of the five Roman men arrested for the attack at Brescia bave documented ties to outlawed oeo-fascist, racist groups. And that there is an undeniable right-wing extremist matrix in the ultras' stadium assaults. The country is startled that its stadiums are full of fascists. How, I ask, can this possibly be considered a surprise?

The clubs cannot be held responsible. To be fair, many of the clubs have taken at least cursory steps to divorce themselves

ventus, Giampiero Boniperti, unilaterally dissolved all that team's ultra fan clubs whose names connoted violence. AS Roma's president, Franco Sensi, has discootinued that club's practice of issuing free tickets to the Opposta Fazione ultra group. and of subsidizing its transportation for away matches. Lazio's president, Dino Zoff, has done the same with his club in

But years of tolerance, by the clubs, the Italian Soccer Federation, and the Professional League, which regulates club teams, have allowed the ultra groups to establish deep roots. The assault in Brescia appears to be the first in a series of actions planned by the ultras to force Juventus into restoring their privileges. Either you belp us out, or we will sow terror, their gesture seems to say. "I have the sensation that we are listing towards death," the Italian Olympic Committee president, Mario Pescante, said this week. He added, speaking of his city's teams, "The Roman clubs are blackmailed by their extremist fans. We are not talking about hooligans here, but a massive presence of violence in the stadiums."

Taking drastic measures would be playing into the extremists' hands.

A Sunday in Italy without soccer is oot imaginable, but is one of the solutions proposed by legislators, a break of a week or so to, supposedly, allow passions to cool. Another proposal is to play matches deemed "at risk" behind closed stadium gates. Has it come to this? In a country

from their most ardent, violent followers. In the 1980s, the former president of Juventus, Giampiero Boniperti, unilaterally footed ballet of Michel Platini and the feral fury of Diego Armando Maradona? Must it turn its back on such sunlit beauty? Yet what else can be done. Fernando

Masone, chief of the national police, suggests that a more efficient system is needed to keep undesirable elements away from the stadiums. Wonderful. Now all we need to do is tell the cat.

The stadiums merely reflects society. If this is true, as the apologists say, that the percentage of right-wing ultras at the stadiums is the same as the percentage of right-wing extremists in the Italian population. What is more relevant, and far more worrisome, is that this percentage is growing, and rapidly, both inside the stadiums and out. And that those who dare speak up or write about it are insulted with impunity. The Juventus club still has oot issued an apology to Crosetti. Furthermore, on Mooday, during a televised sports talk show, the team's vice president, Roberto Bettega, admonished an overly aggressive interlocutor with the warning that the club "kept a dossier of what was being written

In Italy, today, to be a journalist, even a sports journalist, is to be the enemy. I am a journalist. Call me a Jew.

Ken Shulman is freelance journalist who has lived in Italy for 12 years and has reported on a wide range of subjects, including soccer.

'Individual Acts'

Car the Starte

BEUING — China sought Thursday to distance itself from its 11 athletes who tested positive for drug use at October's

Asian Games in Hiroshima.
"This is an act by individuals," the Foreign Ministry spokesman, Chen Jian, said at a weekly briefing.

Adding that Chinese anthorities prac-

tice "strict prohibition, strict testing and strict punishment" of drug use, Clien reit-China's pos ing performances of its athletes was the result of hard, scientific training. "Their performance cannot be denied," he said.

China's Olympic Committee has launched an official inquiry after being formally ootified that the II had failed drugs tests, the Chinese Sports Daily said.

The Japanese newspaper Yomiuri Shim-hun on Thursday identified the 11 Chinese athletes, seven of them swimmers, as including Yang Aihua, who woo the women's 400-meter freestyle at the World Championships in Rome in September, and Lu Bin, who won four gold medals at the Asian Games and set a world record in the women's 200-meter individual medley.

The other swimmers were 400-meter freestyle champioo Zhou Guanbin; Xiong Guoming, who woo four golds; 50 free-style titlist Hu Bin; 200 butterfly winner Xue Wei; and Fo Yong, a bronze medalist.

Germany's swimming federation said Wednesday that it would boycott the World Cup meet in Beijing and other events in China. But Chinese sports officials said Thursday were are no plans for a World Cup competition in Beijing because the Chinese Swimming Association has been unable to raise funds for the event.

"We oever even sent out any invitations," said an official who answered the phone at the association's offices.

China on Drug Use: Edberg-Volkov Match to Open Davis Čup's Final in Moscow

Compiled by Our Staff From Dispatches MOSCOW - Stefan Edberg will lead off Sweden's campaign to win its fifth Davis Cup title when be faces Alexander Volkov of Russia in Friday's opening

match of the final. Edberg, ranked No. 7 in the world, will be appearing in his seventh final in 11 years, but it will be the first for Volkov and semifinal victory over the United States. teammate Yevgeni Kafelnikov.

at Moscow's Olympic Stadium and will the key to Russia's bid.

Ranked No. 11, Kafelnikov has woo seven straight Davis Cup matches since losing in his debut to Germany's Michael Stich in March 1993. He is favored in his match, although Larsson was bero of the

Larsson for Friday's second singles match

The 27-year-old Volkov, who woo last month's Kremlin Cup tournament in Mos cow, has played the 28-year-old Edberg five times, with Edberg winning three of the matches. "Frankly, we would have preferred for

Kafelnikov to play Larsson in the first match," the Russian team captain, Vadim Borisov, said after Thursday's draw. Volkov was more sanguine, saying, "I've

played Edberg many times and I'm very excited, but it does not add to the pres-

Sweden, with Jonas Bjorkman and Jan Apell, should have the edge in Saturday's doubles match. They are the world's No. l ranked doubles team and last week won the ATP world title in Jakarta. They will

face Kafelnikov and Andrei Olhovskiy. On Sunday, Kafelnikov plays Edberg in their third meeting; so far they're tied at 1-1. Volkov plays Larsson, whom he has defeated in their only previous match.

Sweden beat Denmark and France before knocking out the United States; Russia defeated last year's finalist Australia, then the Czech Republic and Germany.

Sweden leads Russia, 2-0, in Davis Cup

competition, but the two have not faced each other since 1982. Russia hopes to become the first unseeded team to win the title; it is only the seventh to reach the final. (AP, Reuters)

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SIDELINES

Pettengill Leads in BOC

CAPE TOWN (AP) — The American
yachisman Steve Petiengill had taken a narrow lead Thursday in the second leg of the BOC Challenge around-the-world

yacht race, organizers reported.

Pettengill, who finished second in the first leg of the race, from Charleston, South Carolina, to Cape Town, had gained a two-mile (3.2-kilometer) lead on Christians of France Lord Land tophe Auguin of France. Jean Luc van den Heede of France was close behind in third place, while the winner of the first leg, France's Isabelle Autissier, was fourth.

For the Record

Paul Merson, the England international who has admitted using cocaine, will be suspended from the Premier League while he undergoes a drug rehabilitation program, soccer officials said. Ronaldo Blackman, who was released by the NBA's New York Knicks, has signed a

one-year, \$400,000 contract with AEK

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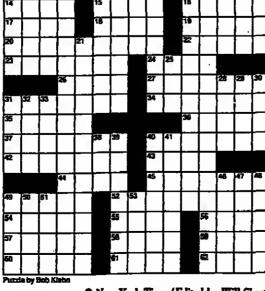
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OBSERVER

History? What's That?

By Russell Baker NEW YORK — Political in-tellectuals are having a nasty argument about what history should be taught to American schoolchildren. Tales you hear indicate that, whatever history may be taught in the fu-ture, at present kids learn prac-

tically none of any kind. My favorite anecdote stars an apparently normal high school student. Amazed to hear a gray-beard refer to World War I, he cried. "I never knew there was a first world war!"

Evidence of equally preposterous ignorance turns up in the papers with comic regularity. Yet we have this serious quarrel among ostensibly serious people about what history should be taught to the kids of some improbable future.

I say improbable because of my own experience with schoolbook history. Though a major drudge, I was unable to digest more than a few lumps of schoolbook history until college was well behind me.

My history learning was a boneyard of unrelated facts useful for passing tests, but utterly useless to a person who should have been trying to ori-ent himself in a complicated, long-running show. What a

shabby store of facts: 1492, 1776, Columbus. Something about the "Fertile Crescent." Tigris and Euphrates, Hammurabi, Pilgrims, Plymouth Rock, a New England Indian named Squanto (can that possibly be right?), assorted wars, George Washington, Lincoln, Woodrow Wilson, world safe for democra-

The one time I awakened in high-school history was at mention of some medieval thug or king whose sister was seduced by I've forgotten who, or whom as I would have written at the time, being a tiresomely niggling grammar bore.

Europe

The names of the stars of that 10th-grade moment escaped me almost at once. What woke me was the teacher's saying "se-

Tenth-graders weren't supposed to hear words like that, and the outlaw thrill of hearing such stuff from a teacher was exquisite. Students and teacher were all males in that classroom. Here was a gamy whiff of barracks freedom. Could it be that history was more interesting than school had hitherto let

No. On and on I careered into college, fighting sleep as professors talked of the Sherman Antitrust Act, Luther's 95 theses nailed to the church door, the reign of Commodus, Wellington's horse, Henry George and the single tax, the Whiskey Rebellion, the invention of the incandescent light

I doubt that many schoolchildren can be brought to val-ue history or enjoy the delights of its tantalizing subjectivity. Much of its pleasure lies in discovering its ironies, and irony is uncommon in the typical harassed, scared, browbeaten American schoolchild looking forward in dread to SATs that may wreck his life while simultaneously wondering if the stu-dent in the desk behind him is packing a semiautomatic pis-

Irony is for people who don't have to decide at age 18 what they are going to be when they grow up. My memory of that experience is that it was like being asked to choose among a variety of prison sen-tences. Of course, I may have invented this memory much later, thought it sounded elever, and repeated it so often that I now believe it's true. That's history for you.

New York Times Service

São Paulo Megashow: Hints of a Global Art Village

By Roberta Smith New York Times Service

São Paulo Bienal is a megashow that needs to make up its mind. Does this hodgepodge of weak art and mixed messages want to be, like its European counterparts, a survey of the artistic mainstream, accessorized with an amorphous, loosely applied

Does it want to redefine the megashow concept into something more egalitarian and gen-

The exhibition is a

huge show of weak

art and mixed

uinely international? Or does it want to remain the amateurish exercise in nationalism and regionalism that it has tended to be in recent years?

messages. To varying degrees, the answer to all of the above is: yes. This incarna-tion of the biggest international survey of contemporary art in the Western Hemisphere, on view through Dec. 11, presents 2,000 objects and installations by more than 220 artists from 71 countries. It is nearly twice

the size of its predecessor and for the first time in the event's history ineludes artists from Russia, Eastern Europe, Africa and China. The Bienal is clearly trying to regain some of the status it possessed in the 1950s and '60s, when it was almost on a par with star-studded international surveys like Documenta and the Venice Biennale. But it seems

to have conflicting ideas about how, exactly, to raise its profile. On the face of things, this is a nofrills, egalitarian biennial, the leading candidate for becoming what might be called "the biennial of the Other." It is situated far from Europe, in

an enormous country whose mix of racial and ethnic groups gives the term "melting pot" a reality that it may have no place else.

The show has no national pavilions to separate rich, powerful nations from poorer, weaker ones, as at the Venice Biennale. Also lacking is the money's-no-object grandeur of Documenta, held in Kassel, Germany, every five years. (The \$5 million

budget of the São Paulo show is less than half that of the most recent Documenta, although the artist count is nearly the same.)

Set in a plain cast-concrete building in a park, the Bienal starts abruptly and without fanfare. One minute the visitor is buying a ticket, and the next, walking through hundreds of strands of clear plastic, which form a kind of frozen downpour that is a sculpture by the Venezuelan artist Jesus Soto. A right turn leads immediately to

the rough-hewn, folk-art-inspired installations and sculptures of Betye Saar and John Outerbridge, two black artists from Los Angeles who are repre-senting the United States. In adjacent

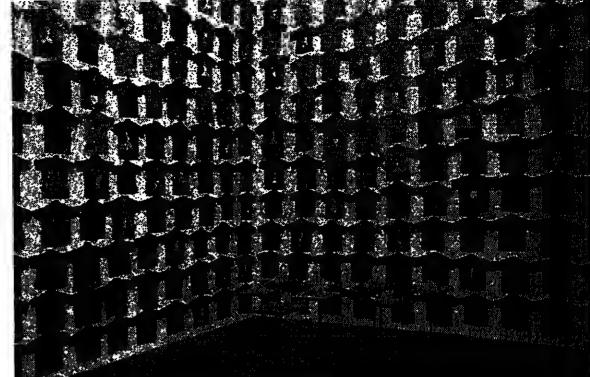
spaces are works by artists from Aruba, Chile, Barbados, Puerto Rico, Costa Rica, Martinique, the Dominican Republic, Egypt, Iceland and the Bahamas. The message is hard to miss: Artists from countries major and minor are equals here.

This is a striking departure from the venice Biennale, where artists from small or emerging countries have long been crowded together in tiny galleries at the back of the Italian pavilion. Here, as at many other points of the exhibition, it also seems that the art capitals of Europe and the United States are about to be rendered obsolete by the rising tide of artists world-

Yet it is equally apparent that news travels fast: The exhibition makes clear that installation art has become the lingua franca of art, practiced credibly, if not innovatively, virtually

As one moves up the ramps connecting the building's four levels, a sense of business as usual creeps in. The show becomes better behaved and more hierarchical, making the ground-floor free-for-all seem like a bargain basement.

At the top of the first ramp, one encounters handsome installations by Giovanni Anselmo and Richard Long, regulars of the international art



"Forced March," by the Dominican artist Tony Capellán, at the São Paulo Bienal.

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"This is the real Bienal."

This feeling is confirmed by the fact that the artists in the "special rooms" invited by the show's organizers, not the national commissioners - include such big names as Robert Rauschenberg, Julian Schnabel, John Chamberlain, Marcel Broodthaers and Per Kirkeby.

Other special rooms review the history of modernism with impressive displays of works by Joaquin Torres-Garcia, Diego Rivera, Lucio Fontana and even Piet Mondrian and Kasimir

Amid so much derivative art, these achievements cast long shadows. Nonetheless, the money spent to secure such loans might have been better used for contemporary efforts: for

rican countries. (Only Namibia and South Africa are represented.)
A related problem is that the show

shamelessly and ineffectively promotes Brazilian art, devoting 10 percent of its space to often mediocre local talent, a practice that also dilutes the Venice Biennale. Included are small retrospectives of relatively established Brazilian artists like Lygia Clark and Helio Oiticica, both of whom have died within the last 15

While these shows are in principle a good idea, in reality they are poorly executed and fail to make convincing cases for their subjects. It is especially unfortunate that the Oiticica retrospective that was recently on international tour could not simply have stopped off at the Bienal.

Ultimately, this show is best taken example, increasing the number of Af- as a sign of things to come, both in into a genuine vision.

terms of individual artists and the megashow format itself.

The Bienal introduces a number of promising artists, mostly doing in-stallation work, including Fernanda Gomes and Adrianna Varejao of Brazil, Cornelia Parker of England, Inghild Karlsen of Norway, Kcho (Alexis Leyva Machado) and Tonel Antonio Eligio Fernández) of Cuba, Tony Cappellán of the Dominican Republic and German Venegas of Mexico.

More important, the best parts of the exhibition give glimpses of the megashow redefined, transformed into a genuinely multicultural enterprise oriented beyond the mainstream, toward the global art world already in progress. Perhaps the next São Paulo Bienal can turn this glimpse

WEATHER



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SPOKESMAN for Michael Jackson A SPOKESMAN 101 Jackson plans to end his marriage to Lisa Marie Presley after five months, calling the stories "an outrageous, 100 percent, total lie." In London, the Daily Mirror reported that Jackson wanted more independence and did not want Presley to stay at his apartment in New York. But the New York Daily News said that Presley refused to leave California to live with him. "People just don't want to give these kids a chance," said Bob Jones, Jackson's manager. "You have my word that this is simply somebody's sick fantasy.'

Prince Rainier of Monaco, who last week midelment don gery, is recovering well and is expected to leave the hospital early next week, the principality's press office said.

Wynton Marsalis made news in his first set at the Village Vanguard in New York. Before he began to play, the trumpeter and band leader announced that this week's engagement would be the last for his septet. one of the most influential and active bands in jazz. The septet includes, besides Marsalis, Eric Reed on piano, Wess Anderson and



PEOPLE

Presley-Jackson split is denied.

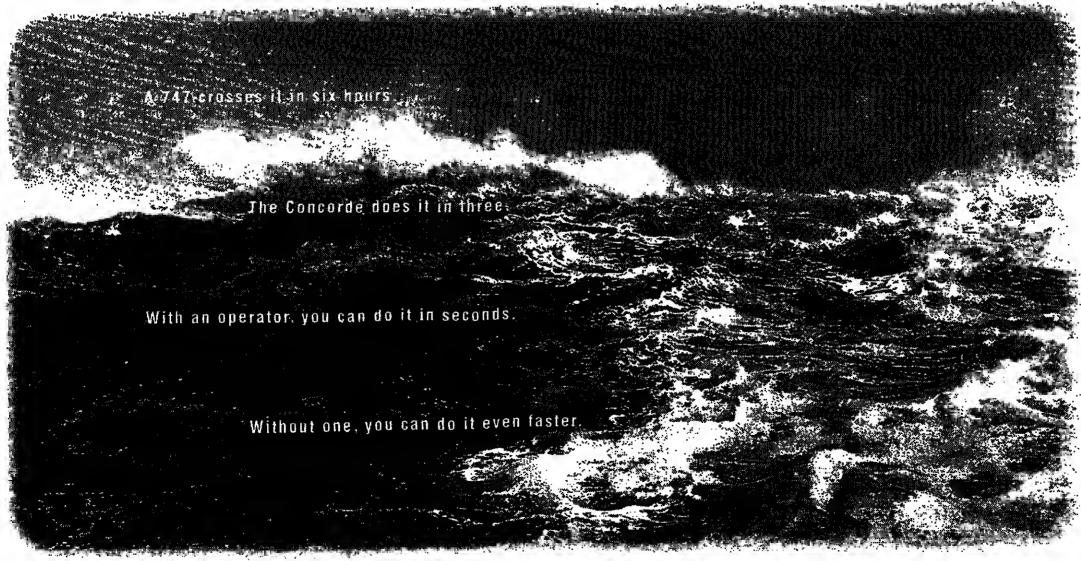
Victor Goines on saxophone, Wycliffe Gordon on trombone, Ben Wolfe on bass and Herlin Riley on drums.

The feminist writer Taslima Nasrin, who faces an arrest warrant and death decree by Muslim fundamentalists in Bangladesh, was presented a French prize for human rights by Foreign Minister Alain Juppé. Juppé

praised Nasrin "for all of her work in Bangladesh and abroad, in defense of freedom of expression and against all forms of religious intolerance." She delayed a visit to France last month after the authorities first said they would grant only a one-day visa

Beatlemania again: Fans from around the world are flocking to London to buy the first Beatles album in almost 25 years. The album, with the group's hits and cover versions of rock classics, does not go on sale in the United States until next week and British stores report large numbers of American buyers. Toni Thomas, a systems analyst from New Jersey, said she would be takin her copy home "sewn into my bra."

Several officials of Japan's Imperial Household have been reprimanded for misplacing a decoration given to Emperor Akihito by King Juan Carlos of Spain in 1985. The decoration, Spain's highest order, was sent by air from Tokyo to Madrid but was lost on arrival, and the emperor had to wear a borrowed decoration at a banquet in his honor.



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